

THEEWATERSKLOOF LOCAL MUNICIPALITY



Theewaterskloof
Municipality

PRE-AUDITED ANNUAL FINANCIAL STATEMENTS

30 JUNE 2021

THEEWATERSKLOOF LOCAL MUNICIPALITY

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THEEWATERSKLOOF LOCAL MUNICIPALITY

GENERAL INFORMATION

NATURE OF BUSINESS

Theewaterskloof Local Municipality performs the functions as set out in the Constitution of the Republic of South Africa, 1996.

LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The Theewaterskloof Local Municipality includes the following areas:

Caledon	Greyton
Grabouw	Genadendal
Villiersdorp	Botrivier
Riviersonderend	Tesselaarsdal

MEMBERS OF THE COUNCIL

Ward 1	Mr S Potberg	
Ward 2	Mr D du Toit	
Ward 3	Mrs J Arendse	
Ward 4	Mrs MM Koegelenberg	
Ward 5	Mr CM Lamprecht	
Ward 6	Mr R Brinkhuys	
Ward 7	Mrs PU Stanfliet	
Ward 8	Mrs A Mentile	
Ward 9	Mr D Jooste	
Ward 10	Mrs M Plato-Mentoor	
Ward 11	Mrs T Ndlebe	
Ward 12	Mr UT Sipunzi	
Ward 13	Mr M Bhangazana	
Ward 14	Mr N Pieterse	
Proportional	Mrs C Vosloo	
Proportional	Mrs N Mgqweto	
Proportional	Mr K Papier	
Proportional	Mr C November	
Proportional	Mrs T Mangcayi	
Proportional	Mr S Fredericks	
Proportional	Mr B Tshabe	
Proportional	Mrs C Wood	
Proportional	Mr H Syster	(Appointed from 30 Sep 2020 to 23 Dec 2020)
Proportional	Mr I Mentoor	(Appointed from 29 Apr 2021)
Proportional	Mrs M Mathews	(Appointed from 9 Jan 2020 to 30 Sep2020. Reappointed from 23 Dec 2020 to 26 Apr 2021)
Proportional	Mrs R Mienies	
Proportional	Mr T Tshungwana	(Resigned 31 Oct 2020)
Proportional	Mr M Gana	(Appointed from 17 Nov 2020)
Proportional	Mrs M le Roux	
Proportional	Mr R Nongxaza	

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor	Mrs C Vosloo
Deputy Executive Mayor	Mr K Papier
Executive Councillor	Mrs MM Koegelenberg
Executive Councillor	Mrs J Arendse
Executive Councillor	Mrs PU Stanfliet
Executive Councillor	Mr N Pieterse
Executive Councillor	Mrs M Plato-Mentoor

MUNICIPAL MANAGER

Mr DP Lubbe (Appointed 8 April 2021)

THEEWATERSKLOOF LOCAL MUNICIPALITY

GENERAL INFORMATION

SPEAKER

Mr D Du Toit

CHIEF FINANCIAL OFFICER

Mr D Louw

AUDIT COMMITTEE

R Gani

W Zybrands

E Lakey

REGISTERED OFFICE

6 Plein Street

Caledon

7230

POSTAL ADDRESS

PO Box 24

Caledon

7230

AUDITORS

Office of the Auditor General (WC)

PRINCIPAL BANKERS

ABSA Bank Limited

Standard Bank of South Africa Limited

ATTORNEYS

Bosman & Smit Pretorius

NJG Consult

Van der Spuy & Partners

Maserumule Corporate Employment Law

Fairbridges Attorneys

Finck Attorneys

Brasika Consulting (Pty) Ltd

Dirk Verdoes Attorneys Inc

Stadler & Swart Incorporated

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)

Division of Revenue Act

The Income Tax Act

Value Added Tax Act

Municipal Structures Act (Act no 117 of 1998)

Municipal Systems Act (Act no 32 of 2000)

Municipal Planning and Performance Management Regulations

Water Services Act (Act no 108 of 1997)

Housing Act (Act no 107 of 1997)

Municipal Property Rates Act (Act no 6 of 2004)

Electricity Act (Act no 41 of 1987)

Skills Development Levies Act (Act no 9 of 1999)

Employment Equity Act (Act no 55 of 1998)

Unemployment Insurance Act (Act no 30 of 1966)

Basic Conditions of Employment Act (Act no 75 of 1997)

Supply Chain Management Regulations, 2005

Collective Agreements

Infrastructure Grants

SALBC Leave Regulations

Municipal Budget and Reporting Regulations

National Environmental Management Act

Preferential Procurement Policy Framework Act, No 5 of 2000

Occupational Health and Safety Act

mSCOA Regulation

THEEWATERSKLOOF LOCAL MUNICIPALITY

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

ACCOUNTING OFFICER'S RESPONSIBILITIES AND APPROVAL

I am responsible for the preparation of these annual financial statements year ended 30 June 2021, which are set out on pages 1 to 95 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

The annual financial statements have been prepared in accordance with GRAP, including any interpretations, guidelines and directives issued by the Accounting Standards Board (ASB).

I acknowledge that I am ultimately responsible for the system of internal financial control and that the system of internal control provides reasonable assurance that the financial records can be relied on.

I have reviewed the Municipality's cash flow forecast for the year to 30 June 2022 and am satisfied that the Municipality can continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the Municipality's financial statements.

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



Mr DP Lubbe
Municipal Manager

31 August 2021

Date

THEEWATERSKLOOF LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2021

	Notes	2021 R (Actual)	2020 R (Restated)
ASSETS			
Current Assets		236 167 472	212 052 492
Cash and Cash Equivalents	2	164 089 992	139 188 624
Receivables from Exchange Transactions	3	36 911 669	40 471 278
Receivables from Non-Exchange Transactions	4	16 029 637	17 767 035
Taxes	5	6 554 917	6 966 373
Operating Leases	6	522 793	457 759
Current Portion of Long-term Receivables	7	1 895 549	768 924
Inventory	8	10 162 915	6 432 500
Non-Current Assets		1 043 012 545	967 554 140
Long-term Receivables	7	3 297 617	1 602 787
Investment Property	9	69 981 587	73 092 451
Property, Plant and Equipment	10	957 066 427	881 045 242
Intangible Assets	11	778 745	907 985
Heritage Assets	12	-	-
Non-current Investments	13	11 888 169	10 905 675
Total Assets		1 279 180 017	1 179 606 633
Current Liabilities		125 795 761	120 670 768
Current Portion of Long-term Liabilities	14	10 989 587	7 265 054
Consumer Deposits	15	4 832 729	4 764 788
Payables from Exchange Transactions	16	72 031 727	75 611 077
Unspent Conditional Government Grants	17	10 794 063	6 850 833
Unspent Public Contributions	18	329 439	536 036
Current Employee Benefits	19	26 818 216	25 642 980
Non-Current Liabilities		254 251 921	209 988 735
Long-term Liabilities	14	83 854 896	75 037 519
Employee Benefits	20	51 225 000	43 382 984
Non-Current Provisions	21	119 172 026	91 568 233
Total Liabilities		380 047 682	330 659 503
NET ASSETS		899 132 335	848 947 130
COMMUNITY WEALTH			
Accumulated Surplus		861 912 767	824 680 244
Reserves	22	37 219 568	24 266 886
		899 132 335	848 947 130

THEEWATERSKLOOF LOCAL MUNICIPALITY

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDING 30 JUNE 2021

	Notes	2021 R (Actual)	2020 R (Restated)
REVENUE			
REVENUE FROM NON-EXCHANGE TRANSACTIONS		309 730 540	316 575 181
Taxation Revenue		121 197 773	113 734 074
Property Rates	23	121 197 773	113 734 074
Transfer Revenue - Operating		138 256 711	115 330 920
Government Grants and Subsidies - Operating	24	137 761 584	114 526 744
Public Contributions and Donations	25	495 127	804 176
Transfer Revenue - Capital		35 858 964	51 402 789
Government Grants and Subsidies - Capital	24	35 843 766	44 699 467
Contributed Assets	26	15 198	6 703 322
Other Revenue		14 417 093	36 107 398
Fines, Penalties and Forfeits	27	13 928 678	24 461 079
Actuarial Gains	28	76 027	8 017 428
Other Income (Non-Exchange)	29	412 387	3 628 891
REVENUE FROM EXCHANGE TRANSACTIONS		288 600 016	274 502 179
Operating Activities		288 600 016	274 502 179
Service Charges	30	253 477 071	239 094 323
Rental of Facilities and Equipment	31	2 060 385	1 935 283
Interest Earned - External Investments		8 097 552	12 236 157
Interest Earned - Outstanding Debtors		12 318 478	11 608 634
Agency Services	32	7 283 913	5 745 249
Licences and Permits	33	108 598	35 137
Other Income (Exchange)	34	5 254 020	3 847 395
CONSTRUCTION CONTRACTS	35	1 555 677	9 631 947
TOTAL REVENUE		599 886 233	600 709 307
EXPENDITURE			
Employee Related Costs	36	217 632 903	207 554 874
Remuneration of Councillors	37	12 147 720	12 193 676
Debt Impairment	38	62 817 073	69 047 350
Depreciation and Amortisation	39	22 407 813	22 476 557
Impairment	40	9 178 903	-
Actuarial Losses	41	3 681 140	-
Finance Charges	42	21 245 594	20 001 871
Bulk Purchases	43	93 756 366	86 615 521
Contracted Services	44	43 057 421	46 166 880
Transfers and Grants	45	3 223 774	4 270 387
Other Expenditure	46	59 555 390	51 045 093
Loss on disposal of Non-Monetary Assets	47	996 933	1 020 765
TOTAL EXPENDITURE		549 701 029	520 392 973
NET SURPLUS FOR THE YEAR		50 185 204	80 316 334

THEEWATERSKLOOF LOCAL MUNICIPALITY

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDING 30 JUNE 2021

	CAPITAL REPLACEMENT RESERVE R	ACCUMULATED SURPLUS R	TOTAL R
Balance on 30 June 2019 - Previously Reported	20 822 187	746 388 340	677 166 375
Correction of error restatement - refer to note 48.6	-	1 420 225	1 420 225
Balance on 30 June 2019 - Restated	20 822 187	747 808 565	768 630 752
Net Surplus for the year	-	80 316 378	80 316 378
Transfer to Capital Replacement Reserve	3 444 698	(3 444 698)	-
Balance on 30 June 2020 - Restated	24 266 886	824 680 244	848 947 130
Net Surplus for the year	-	50 185 205	50 185 205
Transfer to Capital Replacement Reserve	12 952 683	(12 952 683)	-
Balance on 30 June 2021	37 219 568	861 912 767	899 132 335

THEEWATERSKLOOF LOCAL MUNICIPALITY

CASH FLOW STATEMENT FOR THE YEAR ENDING 30 JUNE 2021

	Notes	2021 R (Actual)	2020 R (Restated)
CASH FLOW FROM OPERATING ACTIVITIES			
Receipts			
Property Rates		117 331 473	103 740 498
Service Charges and Interest on outstanding Debtors		218 111 562	201 304 272
Other Revenue		23 394 638	28 928 190
Government Grants		176 601 317	133 747 301
Investment Income		8 097 552	12 236 157
Payments			
Suppliers and employees		(432 429 426)	(381 476 890)
Finance charges		(9 826 576)	(8 999 864)
Transfer and Grants		(3 223 774)	(4 270 387)
NET CASH FROM OPERATING ACTIVITIES	50	98 056 768	85 209 278
CASH FLOW FROM INVESTING ACTIVITIES			
Receipts			
Proceeds from sale of Property, Plant and Equipment		816 669	313 052
Payments			
Purchase of Property, Plant and Equipment		(85 599 427)	(72 019 535)
Decrease/(Increase) in Investments		(982 494)	2 595 567
NET CASH USED INVESTING ACTIVITIES		(85 765 253)	(69 110 916)
CASH FLOW FROM FINANCING ACTIVITIES			
Receipts			
New loans raised		22 094 345	-
Increase in Consumer Deposits		67 942	13 968
Payments			
Loans repaid		(9 552 434)	(7 863 855)
NET CASH FROM/(USED) FINANCING ACTIVITIES		12 609 853	(7 849 887)
NET INCREASE IN CASH HELD		24 901 368	8 248 475
Cash and Cash Equivalents at the beginning of the year		139 188 624	130 940 149
Cash and Cash Equivalents at the end of the year		164 089 992	139 188 624

THEEWATERSKLOOF LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDING 30 JUNE 2021

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL POSITION					
ASSETS					
Current assets					
Cash	32 940 278	24 490 418	57 430 696	116 560 185	59 129 489
Call investment deposits	55 000 000	-	55 000 000	47 529 807	(7 470 193)
Consumer debtors	63 001 511	(310 869)	62 690 642	47 943 196	(14 747 446)
Other Receivables	21 257 179	(8 569 961)	12 687 218	12 075 819	(611 400)
Current portion of long-term receivables	-	768 924	768 924	1 895 549	1 126 625
Inventory	5 747 847	684 653	6 432 500	10 162 915	3 730 416
Total current assets	177 946 814	17 063 166	195 009 980	236 167 471	41 157 491
Non current assets					
Long-term receivables	-	1 602 787	1 602 787	3 297 617	1 694 829
Investments	241 045	10 664 630	10 905 675	11 888 169	982 494
Investment property	63 105 085	9 987 365	73 092 450	69 981 587	(3 110 863)
Property, plant and equipment	1 050 116 936	(58 220 774)	991 896 162	957 066 427	(34 829 735)
Intangible Assets	767 199	11 487	778 685	778 745	60
Total non current assets	1 114 230 265	(35 954 505)	1 078 275 760	1 043 012 545	(35 263 215)
TOTAL ASSETS	1 292 177 079	(18 891 339)	1 273 285 740	1 279 180 016	5 894 276
LIABILITIES					
Current liabilities					
Borrowing	7 879 410	-	7 879 410	10 989 587	3 110 177
Consumer deposits	5 338 071	(192 100)	5 145 971	4 832 729	(313 242)
Trade and other payables	79 550 547	15 556 044	95 106 592	83 155 229	(11 951 363)
Provisions and Employee Benefits	24 180 969	3 000 590	27 181 559	26 818 216	(363 343)
Total current liabilities	116 948 997	18 364 534	135 313 531	125 795 761	(9 517 770)
Non current liabilities					
Borrowing	148 570 570	(25 784 041)	122 786 529	83 854 896	(38 931 633)
Provisions and Employee Benefits	164 872 182	(22 559 781)	142 312 401	170 397 025	28 084 625
Total non current liabilities	313 442 752	(48 343 822)	265 098 930	254 251 921	(10 847 009)
TOTAL LIABILITIES	430 391 749	(29 979 288)	400 412 461	380 047 682	(20 364 779)
NET ASSETS	861 785 331	11 087 948	872 873 279	899 132 334	26 259 055
COMMUNITY WEALTH					
Accumulated Surplus	840 963 143	7 643 250	848 606 393	861 912 766	13 306 372
Reserves	20 822 188	3 444 698	24 266 886	37 219 568	12 952 683
TOTAL COMMUNITY WEALTH/EQUITY	861 785 331	11 087 948	872 873 279	899 132 334	26 259 055

Refer to note 52.2 for explanations of material variances.

Material variances are considered to be any variances greater than R5.5 million.

THEEWATERSKLOOF LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDING 30 JUNE 2021

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
STATEMENT OF FINANCIAL PERFORMANCE					
REVENUE					
Property Rates	116 980 258	(826 000)	116 154 258	121 197 773	5 043 515
Service Charges - Electricity Revenue	103 466 776	(1 017 225)	102 449 551	102 525 420	75 869
Service Charges - Water Revenue	74 461 145	(2 354 647)	72 106 498	77 055 929	4 949 431
Service Charges - Sanitation Revenue	36 099 006	(3 483 989)	32 615 017	37 624 503	5 009 486
Service Charges - Refuse Revenue	36 300 752	(3 702 145)	32 598 607	36 271 218	3 672 611
Rental of Facilities and Equipment	2 150 000	(140 000)	2 010 000	2 060 385	50 385
Interest Earned - External Investments	11 000 000	(4 400 000)	6 600 000	8 097 552	1 497 552
Interest Earned - Outstanding Debtors	21 200 000	(5 000 000)	16 200 000	12 318 478	(3 881 522)
Fines, Penalties and Forfeits	36 809 440	(32 547 440)	4 262 000	13 928 678	9 666 678
Licences and Permits	64 500	(4 000)	60 500	108 598	48 098
Agency Services	7 902 253	416 707	8 318 960	7 283 913	(1 035 047)
Transfers Recognised - Operational	140 365 217	25 911 307	166 276 524	137 761 584	(28 514 940)
Other Revenue	6 193 405	(856 080)	5 337 325	7 793 238	2 455 913
Gains on disposal of PPE	1 000	1 000 000	1 001 000	-	(1 001 000)
Total Revenue (excluding capital transfers)	592 993 752	(27 003 512)	565 990 240	564 027 269	(1 962 971)
EXPENDITURE					
Employee Related Costs	238 465 096	(2 572 827)	235 892 269	217 632 903	(18 259 366)
Remuneration of Councillors	13 568 002	-	13 568 002	12 147 720	(1 420 282)
Debt Impairment	79 577 394	(33 014 674)	46 562 720	62 817 073	16 254 353
Depreciation and Asset Impairment	23 751 702	3 400 000	27 151 702	31 586 715	4 435 013
Finance Charges	20 929 590	-	20 929 590	21 245 594	316 004
Bulk Purchases	99 883 639	(2 939 361)	96 944 278	93 756 366	(3 187 912)
Other material	39 750 320	(13 879 663)	25 870 657	-	(25 870 657)
Contracted Services	50 730 280	6 664 378	57 394 658	43 057 421	(14 337 237)
Transfers and Grants	200 000	24 970 192	25 170 192	3 223 774	(21 946 418)
Other Expenditure	46 880 210	(251 394)	46 628 816	63 236 530	16 607 714
Loss on Disposal of PPE	-	-	-	996 933	996 933
Total Expenditure	613 736 233	(17 623 349)	596 112 884	549 701 029	(46 411 855)
Surplus/(Deficit)	(20 742 481)	(9 380 163)	(30 122 644)	14 326 240	44 448 884
Transfers Recognised - Capital	64 412 974	(9 384 215)	55 028 759	35 843 766	(19 184 993)
Contributed Assets	-	-	-	15 198	15 198
Surplus/(Deficit) for the year	43 670 493	(18 764 378)	24 906 115	50 185 204	25 279 089

Refer to note 52.3 for explanations of material variances.

Material variances are considered to be any variances greater than R5.5 million.

THEEWATERSKLOOF LOCAL MUNICIPALITY

STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE YEAR ENDING 30 JUNE 2021

	ORIGINAL BUDGET R	ADJUSTMENTS R	FINAL BUDGET R	ACTUAL R	ACTUAL VS FINAL BUDGET R
CASH FLOW STATEMENT					
CASH FLOW FROM OPERATING ACTIVITIES					
Receipts					
Property rates, penalties & collection charges	99 385 497	(818 155)	98 567 343	117 331 473	18 764 130
Service charges	212 676 406	(9 210 258)	203 466 149	218 111 562	14 645 413
Other revenue	20 157 290	(3 929 322)	16 227 969	23 394 638	7 166 670
Government Grants	204 778 191	11 483 340	216 261 531	176 601 317	(39 660 214)
Interest	29 011 351	(8 664 193)	20 347 158	8 097 552	(12 249 606)
Payments					
Suppliers and Employees	(487 098 820)	2 083 168	(485 015 652)	(432 429 426)	52 586 226
Finance Charges	(11 350 874)	-	(11 350 874)	(9 826 576)	1 524 298
Transfers and Grants	(200 000)	-	(200 000)	(3 223 774)	(3 023 774)
Net Cash from/(used) Operating Activities	67 359 042	(9 055 419)	58 303 624	98 056 768	39 753 144
CASH FLOW FROM INVESTING ACTIVITIES					
Receipts					
Proceeds on disposal of PPE	1 000	1 000 000	1 001 000	816 669	(184 331)
Decrease/(Increase) in Other Non-Current Receivables	140	(140)	-	(982 494)	(982 494)
Payments					
Capital Assets	(138 660 382)	3 752 282	(134 908 100)	(85 599 427)	49 308 673
Net Cash from/(used) Investing Activities	(138 659 242)	4 752 142	(133 907 100)	(85 765 253)	48 141 847
CASH FLOW FROM FINANCING ACTIVITIES					
Receipts					
Borrowing long term/refinancing	53 621 787	3 241 579	56 863 366	22 094 345	(34 769 021)
Increase/(Decrease) in Consumer Deposits	302 155	79 028	381 183	67 942	(313 241)
Payments					
Repayment of Borrowing	(8 500 000)	-	(8 500 000)	(9 552 434)	(1 052 434)
Net Cash from/(used) Financing Activities	45 423 942	3 320 607	48 744 549	12 609 853	(36 134 696)
NET INCREASE/(DECREASE) IN CASH HELD	(25 876 257)	(982 670)	(26 858 927)	24 901 368	51 760 295
Cash and Cash Equivalents at the year begin	113 816 536	25 372 089	139 188 624	139 188 624	-
Cash and Cash Equivalents at the year end	87 940 278	24 389 419	112 329 697	164 089 992	51 760 295

Refer to note 52.4 for explanations of material variances.

Material variances are considered to be any variances greater than R5.5 million.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1 ACCOUNTING POLICIES

1.01 BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention, unless specified otherwise.

The annual financial statements have been prepared in accordance with the Municipal Finance Management Act (MFMA) and effective standards of Generally Recognised Accounting Practices (GRAP), including any interpretations, guidelines and directives issued by the Accounting Standards Board (ASB) in accordance with Section 122(3) of the Municipal Finance Management Act, (Act No 56 of 2003).

Accounting policies for material transactions, events or conditions not covered by the GRAP reporting framework, have been developed in accordance with paragraphs 8, 10 and 11 of GRAP 3 (Revised – November 2013) and the hierarchy approved in Directive 5 issued by the Accounting Standards Board.

Assets, liabilities, revenue and expenses have not been offset, except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated otherwise. The details of any changes in accounting policies are explained in the relevant notes to the financial statements.

A summary of the significant accounting policies, which have been consistently applied except where an exemption has been granted, are disclosed below.

1.02 TRANSITIONAL PROVISIONS

The Municipality resolved to take advantage of the following transitional provisions:

In terms of Directive 7 - "The Application of Deemed Cost on the Adoption of Standards of GRAP", the Municipality applied deemed cost to Investment Property and Property, Plant and Equipment where the acquisition cost of an asset could not be determined.

In terms of GRAP 108 - "Statutory Receivables", the Municipality is utilising the transitional provision contained in Directive 4 that grant the Municipality a period of three years (1 July 2019 to 30 June 2022) in order to finalise the classification and impairment methods of Statutory Receivables.

1.03 PRESENTATION CURRENCY

The financial statements are presented in South African Rand, rounded off to the nearest Rand, which is the Municipality's functional currency.

1.04 GOING CONCERN ASSUMPTION

These financial statements have been prepared on a going concern basis.

1.05 COMPARATIVE INFORMATION

1.05.1 Prior year comparatives

When the presentation or classification of items in the financial statements are amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed.

Where material accounting errors, which relate to prior periods, have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.05.2 Amended Accounting Policies

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements.

No significant amendments were made to the accounting policy in the current year.

1.06 MATERIALITY

Material omissions or misstatements of items are material if they could, individually or collectively, influence the decision or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatements judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor. Materiality is determined as 1% of total actual operating expenditure. This materiality is from management's perspective and does not correlate with the auditor's materiality.

Standards of GRAP set out how an item should be recognised, measured and disclosed in the financial statements. In some cases, the Municipality does not recognise, measure, present or disclose information in accordance with the specific requirements outlined in the Standards of GRAP if the effect of applying those requirements are immaterial.

1.07 BUDGET INFORMATION

Budget information is presented on the accrual basis and is based on the same fiscal period as the actual amounts.

The Statement of Comparison of Budget and Actual Amounts includes the comparison between the approved and final budget amounts, as well as a comparison between the actual amounts and final budget amounts.

The disclosure of comparative information in respect of the previous period is not required by the Standards of GRAP.

1.08 NEW STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

1.08.1 Effective dates determined

Where a Standard of GRAP has been issued but is not yet effective, the Municipality may resolve to early adopt such a Standard of GRAP if an effective date has been determined by the Minister of Finance.

The Municipality resolved to early adopt the Improvements to Standards of GRAP (2020) which was issued during March 2020. The improvements affected the following Standards of GRAP:

Standard	Description	Proposed Effective Date
GRAP 5	Borrowing Costs	1 April 2021
GRAP 13	Leases	1 April 2021
GRAP 16	Investment Property	1 April 2021
GRAP 17	Property Plant and Equipment	1 April 2021
GRAP 24	Presentation of Budget Information in Financial Statements	1 April 2021
GRAP 31	Intangible Assets	1 April 2021
GRAP 32	Service Concession Arrangements: Grantor	1 April 2021
GRAP 37	Joint Arrangements	1 April 2021
GRAP 106	Transfer of Functions Between Entities Not Under Common Control	1 April 2021
Directive 7	The Application of Deemed Cost	1 April 2021

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The Municipality also resolved to early adopt the following Interpretation of the Standards of GRAP which were issued but are not yet effective:

Standard	Description	Effective Date
iGRAP 21	The Effect of Past Decisions on Materiality	1 April 2023

The effect of the above-mentioned Improvements and Interpretations to the Standards of GRAP which were early adopted is considered insignificant. The Improvements and Interpretations to the Standards of GRAP mainly relate to the clarification of accounting principles.

The Municipality resolved not to early adopt Directive 14 - "The Application of Standards of GRAP by Public Entities that apply IFRS Standards" (effective 1 April 2021) as this Directive is not applicable to municipalities and will have no impact on the Municipality once it becomes effective.

1.08.2 Effective dates not yet determined

Where a Standard of GRAP has been issued but not yet effective and the Minister of Finance has not yet determined an effective date, the Municipality may select to apply the principles established in that standard in developing an appropriate accounting policy dealing with a particular section or event.

The following Standards of GRAP have been issued but are not yet effective as the Minister of Finance has not yet determined the effective date for application:

1.08.2.1 GRAP 104 (Revised 2019) - Financial Instruments

The objective of this Standard is to establish principles for recognising, measuring, presenting and disclosing financial instruments. This Standard was revised to align it with IFRS 9 on Financial Instruments.

Preliminary investigations indicated that, other than additional disclosure, the impact of this Standard on the financial statements will not be significant.

1.08.2.2 GRAP 25 (Revised 2021) - Employee Benefits

The objective of this Standard is to prescribe the accounting and disclosure for employee benefits. This Standard was revised to align it with IPSAS 39 on Employee Benefits.

Preliminary investigations indicated that, other than additional disclosure, the impact of this Standard on the financial statements will not be significant.

1.08.2.3 iGRAP 7 (Revised 2021) - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their interaction

This Interpretation addresses the following:

- (a) When refunds or reductions in future contributions should be regarded as available in accordance with the definition of the asset ceiling.
- (b) How a minimum funding requirement might affect the availability of reductions in future contributions.

No significant impact is expected as the Municipality's current treatment is already to a large extent in line with the Interpretation's requirements.

1.09 RESERVES

1.09.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus to the CRR.

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The following provisions are set for the creation and utilisation of the CRR:

- (a) The cash funds that back up the CRR are invested until utilised.
- (b) The CRR may only be utilised for the purpose of purchasing items of property, plant and equipment, and may not be used for the maintenance of these items.
- (c) Whenever an asset is purchased out of the CRR, an amount equal to the cost price of the asset is transferred from the CRR and the accumulated surplus is credited by a corresponding amount.

1.10 INVESTMENT PROPERTY

1.10.1 Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, for administration purposes, or the sale of an asset in the ordinary course of operations. Property with a currently undetermined use, is also classified as investment property.

Investment property is recognised as an asset when it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the Municipality, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially measured at cost on its acquisition date. The cost of investment property is the purchase price and other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition and any other costs attributable to bring the asset to a condition necessary for it to be capable of operating in the manner intended by the Municipality. The cost of self-constructed investment property is the cost at date of completion. Transfers are made to or from investment property only when there is a change in use.

Where investment property is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

1.10.2 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of investment property are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

1.10.3 Depreciation – Cost Model

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS
Buildings	20 - 100

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1.10.4 Impairment

Investment property is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.10.5 Derecognition

An investment property is derecognised on disposal or when the investment property is permanently withdrawn from use and no future economic benefits or service potential are expected from its disposal.

Gains or losses arising from the retirement or disposal of investment property is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Financial Performance in the period of the retirement or disposal.

Compensation from third parties for items of investment property that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.11 PROPERTY, PLANT AND EQUIPMENT

1.11.1 Initial Recognition

Property, plant and equipment are tangible non-current assets that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year.

The cost of an item of property, plant and equipment is recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost or fair value of the item can be measured reliably.

Items of property, plant and equipment are initially recognised at cost on its acquisition date. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment.

1.11.2 Subsequent Measurement - Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the Municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits or service potential associated with the asset.

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1.11.3 Depreciation

Depreciation of an asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Depreciation of an asset ceases at the date that the asset is derecognised.

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. The depreciation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The depreciation method is reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

At each reporting date the Municipality assesses whether there is any indication that expectations about the residual value and the useful life of an asset may have changed since the preceding reporting date. If any such indication exists, the expected residual value and useful life are revised and the effect of any changes in estimate accounted for on a prospective basis.

The annual depreciation rates are based on the following estimated useful lives:

	YEARS		YEARS
Land and Buildings		Community Assets	
Land	N/A	Parks and Gardens	15 - 20
Buildings	20 - 100	Cemeteries	30
Work in progress	N/A	Leased Assets	
Infrastructure		Office Equipment	3 - 15
Roads and Storm water	5 - 150	Other Assets	
Electricity Network	10 - 100	Computer Equipment	3 - 30
Sewerage Network	10 - 200	Furniture and Office Equipment	3 - 25
Water Network	10 - 200	Machinery and Equipment	3 - 35
Refuse Removal	20 - 50	Transport Assets	3 - 35
Work in progress	N/A		

1.11.4 Impairment

Property, plant and equipment is reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.11.5 Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

Compensation from third parties for items of property, plant and equipment that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

1.12 INTANGIBLE ASSETS

1.12.1 Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance.

The Municipality recognises an intangible asset only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the Municipality and the cost or fair value of the asset can be measured reliably.

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Intangible assets are initially recognised at cost on its acquisition date. The cost of an intangible asset is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost is measured at its fair value at the date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

Internally generated intangible assets are subject to a strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- (a) the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- (b) its intention to complete the intangible asset and use or sell it;
- (c) its ability to use or sell the intangible asset;
- (d) how the intangible asset will generate probable future economic benefits or service potential;
- (e) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- (f) its ability to measure reliably the expenditure attributable to the intangible asset during its development.

1.12.2 Subsequent Measurement - Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and any accumulated impairments losses.

1.12.3 Amortisation

The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is still subject to an annual impairment test.

Amortisation of an intangible with a finite life asset begins when it is available for use, i.e. when it is in the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Amortisation ceases at the date that the asset is derecognised.

Amortisation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the intangible assets. The amortisation charge for each period is recognised in Statement of Financial Performance, unless it is included in the carrying amount of another asset.

The residual value of an intangible asset with a finite useful life is considered to be zero.

The amortisation period and amortisation method are reviewed at each reporting date, with the effect of any changes in estimate accounted for on a prospective basis.

The annual amortisation rates are based on the following estimated useful lives:

	Years
Computer Software	3 - 15

1.12.4 Impairment

Intangible assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

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1.12.5 Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset.

The gain or loss arising on the disposal or retirement of an intangible asset is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

1.13 HERITAGE ASSETS

1.13.1 Initial Recognition

A heritage asset is defined as an asset that has a cultural, environmental, historical, natural, scientific, technological or artistic significance and is held and preserved indefinitely for the benefit of present and future generations.

A heritage asset is recognised as an asset if it is probable that future economic benefits or service potential associated with the asset will flow to the Municipality, and the cost or fair value of the asset can be measured reliably.

Heritage assets are initially recognised at cost on its acquisition date. The cost of heritage assets is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, the cost is deemed to be equal to the fair value of that asset as at date of acquisition and any other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Municipality.

Where a heritage asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value is not determinable, its deemed cost is the carrying amount of the asset(s) given up.

1.13.2 Subsequent Measurement – Cost Model

Heritage assets are carried at its cost less any accumulated impairment losses.

1.13.3 Depreciation

Heritage assets are not depreciated.

1.13.4 Impairment

Heritage assets are reviewed at each reporting date for any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The impairment recognised in the Statement of Financial Performance is the excess of the carrying value over the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised. A reversal of an impairment is recognised in the Statement of Financial Performance.

1.13.5 Derecognition

Heritage assets are derecognised when it is disposed or when there are no further economic benefits expected from the use of the heritage asset.

The gain or loss arising on the disposal or retirement of a heritage asset is determined as the difference between the sales proceeds and the carrying value of the heritage asset and is recognised in the Statement of Financial Performance.

Compensation from third parties for heritage assets that were impaired, lost or given up is recognised in the Statement of Financial Performance when the compensation becomes receivable.

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1.14 IMPAIRMENT OF NON-MONETARY ASSETS

An impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation.

Cash-generating assets are assets held with the objective of generating a commercial return. Non-cash-generating assets are assets other than cash-generating assets.

The Municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the Municipality estimates the recoverable amount of the asset.

1.14.1 Recoverable amount of Cash-generating assets

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use.

The best evidence of fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Value in use of a cash-generating asset is the present value of the estimated future cash flows expected to be derived from the continuing use of an asset and from its disposal at the end of its useful life.

1.14.2 Recoverable amount of Non-cash-generating assets

The recoverable service amount is the higher of a non-cash generating asset's fair value less costs to sell and its value in use.

The value in use for a non-cash generating asset is the present value of the asset's remaining service potential. Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

1.14.3 Impairment loss

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

An impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation decrease in accordance with that Standard of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.14.4 Reversal of an impairment loss

The Municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation is recognised immediately in the Statement of Financial Performance.

A reversal of an impairment loss of assets carried at a revalued amount in accordance with another Standard of GRAP is treated as a revaluation increase in accordance with that Standard of GRAP.

After the reversal of an impairment loss, the depreciation (amortisation) charge for the asset is adjusted in future periods to allocate the asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

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1.15 INVENTORIES

1.15.1 Initial Recognition

Inventories are assets:

- (a) in the form of materials or supplies to be consumed in the production process;
- (b) in the form of materials or supplies to be consumed or distributed in the rendering of services;
- (c) held for sale or distribution in the ordinary course of operations; or
- (d) in the process of production for sale or distribution.

Inventories are recognised as an asset if it is probable that future economic benefits or service potential associated with the item will flow to the Municipality, and the cost of the inventories can be measured reliably.

Inventories are initially recognised at cost. Cost generally refers to the purchase price, plus non-recoverable taxes, transport costs and any other costs in bringing the inventories to their current location and condition. Trade discounts, rebates and other similar items are deducted in determining the costs of purchase.

Where inventory is manufactured, constructed or produced, the cost includes the cost of labour, materials and overheads used during the manufacturing process.

Where inventories are acquired through a non-exchange transaction, the cost is measured at the fair value as at the date of acquisition plus any other costs incurred in bringing the inventories to their current location and condition.

1.15.2 Subsequent Measurement

When inventories are sold, exchanged or distributed the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expense is recognised when the goods are distributed, or related service is rendered.

Inventories are valued at the lower of cost and net realisable value unless they are to be distributed at no or nominal charge, in which case they are measured at the lower of cost and current replacement cost.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution. Current replacement cost is the cost the Municipality would incur to acquire the asset on the reporting date.

The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories is recognised as an expense in the period the write-down or loss occurs.

The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, is recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

The basis of allocating cost to inventory items is the weighted average method.

At reporting date, the water volume is determined by way of dip readings and the calculated volume in the distribution network. Water inventory is then measured by multiplying the cost per kilo litre of purified water by the amount of water in storage.

Cost of land held for sale is assigned by using specific identification of their individual costs.

1.16 EMPLOYEE BENEFITS

Defined-contribution plans are post-employment benefit plans under which the Municipality pays fixed contributions into a separate entity (a fund), and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year during which they become payable.

Defined-benefit plans are post-employment benefit plans other than defined-contribution plans.

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1.16.1 Post-Retirement Benefits

The Municipality provides retirement benefits for its employees and councillors. Retirement benefits consist of defined-contribution plans and defined-benefit plans.

1.16.1.1 Multi-employer defined benefit plans

The Municipality contributes to various National and Provincial-administered defined benefit plans on behalf of its qualifying employees. These funds are multi-employer funds. The contributions to fund obligations for the payment of retirement benefits are recognised in the Statement of Financial Performance in the year they become payable. These defined benefit funds are actuarially valued on the projected unit credit method basis. Deficits are recovered through lump sum payments or increased future contributions on a proportional basis from all participating municipalities.

1.16.1.2 Post Retirement Medical Benefits

The Municipality provides post-retirement medical benefits by subsidizing the medical aid contributions of certain retired staff according to the rules of the medical aid funds. Council pays 70% as contribution and the remaining 30% is paid by the members. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The present value of the defined benefit liability is actuarially determined. The plan is unfunded.

Contributions are recognised in the Statement of Financial Performance when employees have rendered the service entitling them to the contribution. The liability is calculated by means of the projected unit credit actuarial valuation method. The liability in respect of current pensioners is regarded as fully accrued, and is therefore not split between a past (or accrued) and future in-service element. The liability is recognised at the present value of the defined benefit obligation at the reporting date, minus the fair value at the reporting date of plan assets (if any) out of which the obligations are to be settled directly, plus any liability that may arise as a result of a minimum funding requirements. Payments made by the Municipality are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, are recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.16.2 Long-term Benefits

1.16.2.1 Long Service Awards

Long service awards are provided to employees who achieve certain pre-determined milestones of service within the Municipality. The Municipality's obligation under these plans is valued by independent qualified actuaries annually and the corresponding liability is raised. Payments are set-off against the liability, including notional interest, resulting from the valuation by the actuaries and are recognised in the Statement of Financial Performance as employee benefits upon valuation.

Actuarial gains and losses arising from the experience adjustments and changes in actuarial assumptions, is recognised in the Statement of Financial Performance in the period that it occurs. These obligations are valued annually by independent qualified actuaries.

1.16.3 Short-term Benefits

1.16.3.1 Staff Leave

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at reporting date and also on the total remuneration package of the employee.

Accumulating leave is carried forward and can be used in future periods if the current period's entitlement is not used in full. All unused leave will be paid out to the specific employee at the end of that employee's employment term. Accumulated leave is vesting.

1.16.3.2 Bonuses

The liability for staff bonuses is based on the accrued bonus for each employee at reporting date.

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1.16.3.3 Provision for Performance Bonuses

A provision, in respect of the liability relating to the anticipated costs of performance bonuses payable to Section 57 employees, is recognised as it accrue to Section 57 employees. Provisions are based on the employment contract stipulations as well as previous performance bonus payment trends.

1.16.3.4 Other Short-term Employee Benefits

When an employee has rendered service to the Municipality during a reporting period, the Municipality recognises the undiscounted amount of short-term employee benefits expected to be paid in exchange for that service:

- (a) as a liability (accrued expense), after deducting any amount already paid. If the amount already paid exceeds the undiscounted amount of the benefits, the Municipality recognises that excess as an asset (prepaid expense) to the extent that the prepayment will lead to, for example, a reduction in future payments or a cash refund; and
- (b) as an expense, unless another Standard requires or permits the inclusion of the benefits in the cost of an asset.

1.17 PROVISIONS

A provision is a liability of uncertain timing or amount. Provisions are recognised when the Municipality has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made.

Provisions are reviewed at reporting date and adjusted to reflect the current best estimate of future outflows of resources. Where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement is recognised when it is virtually certain that reimbursement will be received if the Municipality settles the obligation. The reimbursement is treated as a separate asset. The amount recognised for the reimbursement will not exceed the amount of the provision. In the Statement of Financial Performance, the expense relating to a provision may be presented net of the amount recognised for a reimbursement.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The Municipality has a detailed formal plan for the restructuring identifying at least:
 - the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The Municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

If it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation, the provision is derecognised.

1.18 LEASES

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.18.1 Municipality as Lessee

1.18.1.1 Finance Leases

At the commencement of the lease term, the Municipality recognises assets acquired under finance leases as assets and the associated lease obligations as liabilities in the Statement of Financial Position.

At the inception of the lease, the assets and liabilities are recognised at the lower of the fair value of the leased property and the present value of the minimum lease payments. The discount rate to be used in calculating the present value of the minimum lease payment is the interest rate implicit in the lease. If the rate implicit to the lease is not available the Municipality's incremental borrowing rate is used. Any initial direct costs of the Municipality are added to the amount recognised as an asset.

Subsequent to initial recognition, the minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge are allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability. Contingent rents, if any, are charged as expenses to the Statement of Financial Performance in the periods in which they are incurred. The leased assets are accounted for in accordance with the stated accounting policies applicable to the assets.

1.18.1.2 Operating leases

Lease payment under an operating lease is recognised as an expense in the Statement of Financial Performance on a straight-line basis over lease term, unless another systematic basis is more representative of the time pattern of the user's benefit. The difference between the straight-lined expenses and actual payments made will give rise to a liability.

1.18.2 Municipality as Lessor

1.18.2.1 Finance Leases

The Municipality recognises lease payments receivable under a finance lease as assets (receivable) in the Statement of Financial Position. The asset (receivable) is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the Municipality, discounted at the interest rate implicit in the lease.

The asset (receivable) is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis in the Statement of Financial Performance.

1.18.2.2 Operating Leases

Operating lease revenue is recognised in the Statement of Financial Performance on a straight-line basis over the term of the relevant lease, unless another systematic basis is more representative of the time pattern in which benefit derived from the leased asset is diminished. The difference between the straight-lined revenue and actual payments received will give rise to an asset.

1.19 FINANCIAL INSTRUMENTS

1.19.1 Initial Recognition

Financial instruments (financial assets and financial liabilities) are recognised on the Municipality's Statement of Financial Position when it becomes party to the contractual provisions of the instrument.

Financial instruments are initially recognised at fair value plus, in the case of a financial asset or financial liability not at fair value, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability. If finance charges in respect of financial assets and financial liabilities are significantly different from similar charges usually obtained in an open market transaction, adjusted for the specific risks of the Municipality, such differences are immediately recognised in the period it occurs, and the unamortised portion adjusted over the period of the loan transactions.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.19.2 Subsequent Measurement

Financial instruments are categorised as follow:

- (a) **Financial instruments at amortised cost** are non-derivative financial instruments with fixed or determinable payments that are not quoted in an active market. They are included in current assets or current liabilities, except for maturities greater than 12 months, which are classified as non-current. After initial recognition, both financial assets and financial liabilities are measured at amortised cost, using the effective interest rate method. Financial assets are also subject to an impairment review.
- (b) **Financial instruments at cost** are investments in residual interests that do not have a quoted market price in an active market, and whose fair value cannot be reliably measured. Both financial assets and financial liabilities are subsequently measured at cost. Financial assets are subject to an impairment review.
- (c) **Financial instruments at fair value** comprise of financial assets or financial liabilities that are:
 - (i) derivatives;
 - (ii) combined instruments that are designated at fair value;
 - (iii) instruments held for trading;
 - (iv) non-derivative financial assets or financial liabilities with fixed or determinable payments that are designated at fair value at initial recognition; or
 - (v) financial instruments that do not meet the definition of financial instruments at amortised cost or financial instruments at cost.

Both, financial assets and financial liabilities are subsequently measured at fair value with unrealised gains or losses recognised directly in the Statement of Financial Performance.

1.19.3 Impairment and uncollectability of financial assets

Financial assets, other than those at fair value, are assessed for indicators of impairment at each reporting date. Financial assets are impaired where there is objective evidence of impairment of financial assets.

1.19.3.1 Financial assets measured at amortised cost

If there is objective evidence that an impairment loss on financial assets measured at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). Cash flows relating to short-term financial assets are not discounted where the effect of discounting is immaterial. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment is reversed by adjusting an allowance account. The amount of the reversal is recognised in Statement of Financial Performance.

1.19.3.2 Financial assets measured at cost

If there is objective evidence that an impairment loss has been incurred on an investment in a residual interest that is not measured at fair value because its fair value cannot be measured reliably, the amount of the impairment loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses is not be reversed.

1.19.4 Derecognition of financial instruments

1.19.4.1 Financial assets

The Municipality derecognises financial assets only when the contractual rights to the cash flows from the asset expire or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. Financial assets (receivables) are also derecognised when Council approves the write-off of financial assets due to non-recoverability.

If the Municipality neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Municipality recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Municipality retains substantially all the risks and rewards of ownership of a transferred financial asset, the Municipality continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.19.4.2 *Financial liabilities*

The Municipality derecognises financial liabilities when the Municipality's obligations are discharged, cancelled or they expire.

The Municipality recognises the difference between the carrying amount of the financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, in the Statement of Financial Performance.

1.19.5 **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

1.20 **STATUTORY RECEIVABLES**

Statutory receivables arise from legislation, supporting regulations, or similar means and require settlement by another entity in cash or another financial asset. Statutory receivables can arise from both exchange and non-exchange transactions.

1.20.1 **Initial Recognition**

Statutory receivables are recognised when the related revenue (exchange or non-exchange revenue) is recognised or when the receivable meets the definition of an asset. The Municipality initially measure statutory receivables at their transaction amount.

1.20.2 **Subsequent Measurement**

The Municipality measures statutory receivables after initial recognition using the cost method. Under the cost method, the initial measurement of the receivable is subsequently changed to reflect any interest or other charges that may have accrued on the receivable, less any impairment losses and amounts derecognised.

1.20.3 **Impairment and uncollectability of statutory receivables**

The Municipality assesses at each reporting date whether there is any indication that a statutory receivable may be impaired.

If there is an indication that a statutory receivable may be impaired, the Municipality measures the impairment loss as the difference between the estimated future cash flows and the carrying amount. Where the carrying amount is higher than the estimated future cash flows, the carrying amount of the statutory receivable is reduced, through the use of an allowance account. The amount of the loss is recognised in the Statement of Financial Performance. In estimating the future cash flows, the Municipality considers both the amount and timing of the cash flows that it will receive in future. Consequently, where the effect of the time value of money is material, the Municipality discounts the estimated future cash flows using a rate that reflects the current risk free rate and any risks specific to the statutory receivable for which the future cash flow estimates have not been adjusted.

An impairment loss recognised in prior periods for a statutory receivable is revised if there has been a change in the estimates used since the last impairment loss was recognised, or to reflect the effect of discounting the estimated cash flows. Any previously recognised impairment loss is adjusted by adjusting the allowance account. The amount of any adjustment is recognised in the Statement of Financial Performance.

1.20.4 **Derecognition**

The Municipality derecognises a statutory receivable when the rights to the cash flows from the receivable are settled, expire or are waived or the Municipality transfers the receivable and substantially all the risks and rewards of ownership of the receivable to another entity.

When the Municipality, despite having retained some significant risks and rewards of ownership of the receivable, has transferred control of receivable to another entity, the Municipality derecognises the receivable and recognises separately any rights and obligations created or retained in the transfer.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.21 CASH AND CASH EQUIVALENTS

Cash includes cash on hand, cash held with banks, and call deposits. Cash equivalents are short-term highly liquid investments with registered banking institutions with maturities of three months or less from inception, readily convertible to cash without significant change in value.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred in the Statement of Financial Performance.

For the purposes of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of any bank overdrafts.

1.22 RECEIVABLES

Receivables are recognised initially at fair value, which approximates amortised cost less provision for impairment. Amounts receivable within 12 months from the date of reporting are classified as current.

A provision for impairment of receivables is established when there is objective evidence that the Municipality will not be able to collect all amounts due according to the original terms of receivables. An estimate is made for impairment of receivables, based on past default experience of all outstanding amounts at reporting date.

Bad debts are written off in the year during which they are identified as irrecoverable, subject to the approval by the appropriate delegated authority. When a receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the Statement of Financial Performance.

1.23 TAXES (VALUE ADDED TAX)

Revenue, expenses and assets are recognised net of the amounts of value added tax. The net amount of Value Added Tax recoverable from, or payable to, the taxation authority is included in the Statement of Financial Position. The Municipality accounts for value-added tax (VAT) on the payment basis.

1.24 NON-CURRENT INVESTMENTS

Investments which include investments in listed shares and fixed deposits invested in registered commercial banks.

Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the Statement of Financial Performance in the period that the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is recognised in the Statement of Financial Performance.

1.25 PAYABLES AND ANNUITY LOANS

Payables and annuity loans are initially recognised at fair value and subsequently measured at amortised cost using an effective interest rate, which is the initial carrying amount, less repayments, plus interest.

1.26 CONSUMER DEPOSITS

Consumer deposits are disclosed as a current liability. Consumer deposits are levied in line with council's policy to consumers when services are initially connected. When services are disconnected or terminated, the outstanding deposit is utilised against any arrear accounts the consumer might be liable for on that date. Any excess deposit after all debt is settled is refunded to the specific consumer.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.27 CONDITIONAL GOVERNMENT GRANTS AND PUBLIC CONTRIBUTIONS

Grants, transfers and donations received or receivable are recognised as assets when the resources that have been transferred to the Municipality meet the definition and criteria for recognition as assets.

Conditional grants, transfers and donations are recognised as revenue to the extent that the Municipality has complied with the conditions embodied in the agreement. Where the agreement contains a stipulation to return the asset, other future economic benefits or service potential, in the event of non-compliance to these stipulations and would be enforced by the transferor, a liability is recognised to the extent that the conditions have not been met. Where such requirements are not enforceable, or where past experience has indicated that the transferor has never enforced the requirement to return the transferred asset, other future economic benefits or service potential when breaches have occurred, the stipulation will be considered a restriction and is recognised as revenue.

The liability recognised to the extent that the conditions associated with the grant, transfer or donation have not been met, always has to be cash-backed. The cash which backs up the liability is invested as a individual investment or part of the general investments of the Municipality until it is utilised.

Interest earned on investments of grants, transfers and donations are treated in accordance with conditions as stipulated in the agreement. If it is payable to the grantor it is recorded as part of the creditor and if it is the Municipality's interest it is recognised as interest earned in the Statement of Financial Performance.

1.28 REVENUE

At the time of initial recognition, the full amount of revenue is recognised where the Municipality has an enforceable legal obligation to collect, unless the Municipality has no intention of collecting this revenue. Where the Municipality has no intention of collecting the revenue, rebates and discounts are offset against the related revenue. If the Municipality does not successfully enforce its obligation to collect the revenue this would be considered a subsequent event.

1.28.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the Municipality received revenue from another entity without directly giving approximately equal value in exchange.

Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

1.28.1.1 *Taxation Revenue*

Taxation revenue comprises of property rates. Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportion basis with reference to the principal amount receivable and effective interest rate applicable. A composite rating system charging different rate tariffs is employed. Rebates are granted to certain categories of ratepayers and are deducted from revenue.

1.28.1.2 *Transfer Revenue*

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred, meet the criteria for recognition as an asset. A corresponding liability is recognised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met.

Grants, transfers and donations without any conditions attached are recognised as revenue when the asset is recognised.

1.28.1.3 *Fines*

Fine Revenue constitutes both spot fines and summonses. All fines issued during the year less any cancellations or reductions are recognised as revenue.

1.28.1.4 *Insurance Refunds*

Revenue from third parties i.e. insurance payments for assets impaired, are recognised when it can be measured reliably and is not being offset against the related expenses of repairs or renewals of the impaired assets.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.28.1.5 *Unclaimed deposits*

All unclaimed deposits are initially recognised as a liability until 12 months expires, when all unclaimed deposits into the Municipality's bank account will be treated as revenue. Historical patterns have indicated that minimal unidentified deposits are reclaimed after a period of twelve months. Therefore the substance of these transactions indicate that even though the prescription period for unclaimed monies is legally three years, it is reasonable to recognise all unclaimed monies older than twelve months as revenue. Although unclaimed deposits are recognised as revenue after 12 months, the Municipality still keep record of these unclaimed deposits for three years in the event that a party should submit a claim after 12 months, in which case it will be expensed.

1.28.1.6 *Revenue from Recovery of Unauthorised, Irregular, Fruitless and Wasteful Expenditure*

Income from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the MFMA (Act 56 of 2003), and is recognised upon the recovery thereof from the responsible party.

1.28.1.7 *Services in-kind*

Services in-kind include services provided by individuals to the Municipality at no charge or where the Municipality has the right to use assets at no charge.

The Municipality's recognises services in-kind that are significant to its operations as assets and recognises the related revenue when it is probable that the future economic benefits or service potential will flow to the Municipality and the fair value of the assets can be measured reliably.

When the criteria for recognition is satisfied, services in-kind are recognised at their fair value as at the date of acquisition.

If the services in-kind are not significant to the Municipality's operations or does not satisfy the criteria for recognition, the Municipality only disclose the nature and type of services in-kind received during the reporting period.

1.28.1.8 *Contributed Assets*

Contributed assets are recognised at fair value when such items of property, plant and equipment qualifies for recognition and become available for use by the Municipality.

1.28.2 **Revenue from Exchange Transactions**

Revenue from exchange transactions refers to revenue that accrued to the Municipality directly in return for services rendered or goods sold, the value of which approximates the consideration received or receivable.

1.28.2.1 *Service Charges*

Service Charges are levied in terms of approved tariffs.

Service charges relating to electricity and water are based on consumption and a basic charge as per the approved tariffs. Meters are read on a monthly basis and are recognised as revenue when invoiced. Where the Municipality was unable to take the actual month's reading of certain consumers, a provisional estimate of consumption for that month will be created, based on consumption history. The provisional estimates of consumption are recognised as revenue when invoiced, except at reporting date when estimates of consumption up to the reporting date are recorded as revenue without being invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period. In respect of estimates of consumption between the last reading date and the reporting date, an accrual is made based on the average monthly consumption of consumers.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale. It is estimated that pre-paid electricity is consumed within 5 to 7 days after date of purchase. The pre-paid electricity sold, but not consumed yet at reporting date is recognised as a liability under Payables from Exchange Transactions in the Statement of Financial Position.

Service charges relating to sewerage and sanitation are recognised on a monthly basis in arrears by applying the approved tariff to each property. These service charges are based on the type of service and the number of sewer connections on all developed property, using the tariffs approved and are levied on a monthly basis.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the number of refuse containers on each property, regardless of whether or not all containers are emptied during the month.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.28.2.2 Interest earned

Interest earned on investments is recognised in the Statement of Financial Performance on the time proportionate basis that takes into account the effective yield on the investment.

1.28.2.3 Rental income

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

1.28.2.4 Income from Agency Services

Revenue arising out of situations where the Municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the Municipality as compensation for executing the agreed services.

Income from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The income recognised is in terms of the agency agreement.

1.28.2.5 Other Tariffs

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant tariff. This includes the issuing of licences and permits.

1.28.2.6 Sale of goods

Revenue from the sale of goods is recognised when all the following conditions are satisfied:

- (a) The Municipality has transferred to the purchaser the significant risks and rewards of ownership of the goods.
- (b) The Municipality retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold.
- (c) The amount of revenue can be measured reliably.
- (d) It is probable that the economic benefits or service potential associated with the transaction will flow to the Municipality.
- (e) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.28.2.7 Deferred payment

In most cases, the consideration is in the form of cash or cash equivalents and the amount of revenue is the amount of cash or cash equivalents received or receivable. However, when the inflow of cash or cash equivalents is deferred, the fair value of the consideration may be less than the nominal amount of cash received or receivable. When the arrangement effectively constitutes a financing transaction, the fair value of the consideration is determined by discounting all future receipts using an imputed rate of interest.

The difference between the fair value and the nominal amount of the consideration is recognised as interest revenue.

1.28.3 Construction Contracts

Contractor is an entity that performs construction work pursuant to a construction contract to build structures, construct facilities, produce goods, or render services to the specifications of another entity either itself or through the use of sub-contractors. The term “contractor” thus includes a general or prime contractor, a subcontractor to a general contractor, or a construction manager.

The Municipality participates as a non-accredited municipality in the National Housing Programme. The Municipality's roles and responsibilities in the housing development process are set out in the binding arrangements entered into with the provincial Department of Human Settlements. The Municipality assesses the terms and conditions of each contract concluded with the provincial Department of Human Settlements to establish whether the contract is a construction contract or not.

The Accounting Standards Board (ASB) issued a *Guideline on accounting for arrangements undertaken in terms of the National Housing Programme*. The guideline makes a distinction between a project manager and a project developer.

Where the Municipality is appointed as the project manager, it will assist with the process of appointing a contractor to construct houses on behalf of the provincial Department of Human Settlements. The responsibility of appointment and payment of the contractors ultimately vest with the provincial Department of Human Settlements.

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Where the Municipality is appointed as the project developer, it will take on the responsibility for the construction of the houses. As project developer the Municipality will appoint contractors and will make payments for work completed on meeting milestones agreed between itself and the contractor.

In general, where the Municipality is appointed as the project manager, it will act as an agent for the provincial Department of Human Settlements. Where the Municipality is appointed as the project developer, it is considered that the Municipality has entered into a construction contract with the provincial Department of Human Settlements.

The binding agreements entered into with the provincial Department of Human Settlements are non-commercial fixed price contracts. The objective of the arrangements is to construct low cost houses for the beneficiaries of the National Housing Programme in return for full reimbursement of costs from the Department through a housing grant or subsidy.

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract shall be recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the reporting date, as measured by the proportion that contract costs incurred for the work performed to date bear to the estimate total contract costs.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable and contract costs shall be recognised as an expense in the period in which they are incurred.

1.29 BORROWING COSTS

Borrowing costs that are incurred by the Municipality are expensed in the Statement of Financial Performance in the period during which they are incurred, regardless of how the borrowings are applied.

1.30 UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.31 IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.32 FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure (measured at actual cost incurred) in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

1.33 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality. A contingent liability could also be a present obligation that arises from past events, but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to the obligation or the amount of the obligation cannot be measured with sufficient reliability.

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Contingent assets represent possible assets that arise from past events and whose existence will be confirmed only by an occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Municipality.

The Municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the probability of an outflow of resources embodying economic benefits or service potential is remote. A contingent asset is disclosed where the inflow of economic benefits or service potential is probable.

1.34 CAPITAL COMMITMENTS

Capital commitments disclosed in the financial statements represents the contractual balance committed to capital projects on reporting date that will be incurred in the period subsequent to the specific reporting date.

1.35 EVENTS AFTER REPORTING DATE

Events after the reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- (a) those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- (b) those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

If non-adjusting events after the reporting date are material, the Municipality discloses the nature and an estimate of the financial effect.

1.36 RELATED PARTIES

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Related party transaction is a transfer of resources, services or obligations between the Municipality and a related party, regardless of whether a price is charged.

Management is considered a related party and comprises those persons responsible for planning, directing and controlling the activities of the Municipality, including those charged with the governance of the Municipality in accordance with legislation, in instances where they are required to perform such functions.

A close family member of management is also considered to be related party. A person is considered to be a close member of the family of another person if they are married or live together in a relationship similar to a marriage or are separated by no more than two degrees of natural or legal consanguinity or affinity.

The Municipality is exempt from the disclosure requirements in relation to related party transactions if that transactions occurs within the normal supplier and/or client/recipient relationship on terms and conditions no more or less favourable than those which it is reasonable to expect the Municipality to have adopted if dealing with that individual entity or person in the same circumstances, and the terms and conditions are within the normal operating parameters established by Municipality's legal mandate.

Where the Municipality is exempt from the disclosures in accordance with the above-mentioned paragraph, the Municipality discloses narrative information about the nature of the transactions and the related outstanding balances, to enable to users of the financial statements to understand the effect of related party transactions.

Remuneration of management includes remuneration derived for services provided to the Municipality in their capacity as members of the management team or employees. Benefits derived directly or indirectly from the Municipality for services in any capacity other than as an employee or a member of management do not meet the definition of remuneration. Remuneration of management excludes any consideration provided solely as a reimbursement for expenditure incurred by those persons for the benefit of the Municipality.

The Municipality operates in an economic environment currently dominated by entities directly or indirectly owned by the South African government. As a result of the Constitutional independence of all three spheres of government in South Africa, only parties within the same sphere of government will be considered to be related parties. Only transactions with such parties which are not at arm's length and not on normal commercial terms, are disclosed.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.37 ACCOUNTING BY PRINCIPALS AND AGENTS

An agent is an entity that has been directed another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

When the Municipality is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement. The assessment of whether the Municipality is a principal or an agent requires the Municipality to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

The Municipality assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement shall re-assess whether they act as a principal or an agent in accordance with this Standard.

When the Municipality in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If an entity concludes that it is not the agent, then it is the principal in the transactions.

The Municipality is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- (a) It does not have the power to determine the significant terms and conditions of the transaction.
- (b) It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- (c) It is not exposed to variability in the results of the transaction.

Where the Municipality has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that is an agent. The Municipality applies judgement in determining whether such powers exist and whether they are relevant in assessing whether an entity is an agent.

Where the Municipality acts as a principal, it recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirement of the relevant Standards of GRAP.

Where the Municipality acts as an agent, it recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The Municipality recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of other Standards of GRAP.

1.38 LIVING AND NON-LIVING RESOURCES

Living resources are those resources that undergo biological transformation which comprises the processes of growth, degeneration, production, and procreation that cause qualitative or quantitative changes in a living resource.

Non-living resources are those resources, other than living resources, that occur naturally and have not been extracted. Non-living resources, other than land, is not recognised as assets. The Standard only requires disclosure of the relevant resources.

The Municipality has assessed that it does not control any living resources, but is however responsible for non-living resources as set out in notes to the financial statements.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.39 SEGMENT REPORTING

A segment is an activity of the Municipality:

- (a) that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same Municipality);
- (b) whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- (c) for which separate financial information is available.

Management comprises of those persons responsible for planning, directing and controlling the activities of the Municipality, including those charged with the governance of the Municipality in accordance with legislation.

Financial information relating to the reporting segments are aligned to the financial information distributed to management on a regular basis (similar basis of preparation). This information is utilised to measure performance of the relevant services provided by the Municipality and also to ensure that resources are appropriately allocated to various departments/segments to provide high quality services to the community.

Adjustments and eliminations made in preparing the Municipality's financial statements, which includes the allocation basis of revenues and expenses, are prepared on a similar basis as the information distributed to management on a regular basis.

Financial information distributed to management does not include a segment/department analysis of assets and liabilities associated with each segment/department. In line with this principle utilised during the financial year, the segment reporting included in the financial statements are prepared on a similar basis which excludes such an analysis. Assets and liabilities are reported on for the Municipality as a whole.

Management reviews capital expenditure/performance on a regular basis and accordingly the relevant information is reported on per segment.

1.40 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In the process of applying the Municipality's accounting policy, management has made the following significant accounting judgements, estimates and assumptions, which have the most significant effect on the amounts recognised in the financial statements:

1.40.1 Application of Directive 7

For deemed cost applied to Property, Plant and Equipment as per adoption of Directive 7, management used the depreciation cost method which was based on assumptions about the remaining duration of the assets.

For deemed cost applied to land and buildings as per adoption of Directive 7, management made use of on independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

For deemed cost applied to Investment Property as per adoption of Directive 7, management made use of on independent valuator. The valuator's valuation was based on assumptions about the market's buying and selling trends and the remaining duration of the assets.

GRAP implementation date for the Municipality is 1 July 2007 which is also the date applicable when applying Directive 7. The GRAP compliant period is therefore determined to be from 1 July 2007 to the current year's reported date. Where the economic useful life of an items of Property, Plant and Equipment is less than the GRAP compliant period, it is assumed that the item was either incorrectly written off in the past, or that the capital expenditure of the said item was incorrectly included in surplus. In such cases the item shall not be recognised on GRAP implementation date, but shall be taken into account on that date of the opening balances of the comparative amounts.

1.40.2 Impairment of Receivables

The calculation in respect of the impairment of receivables is based on an assessment of the extent to which debtors have defaulted on payments already due, and an assessment of their ability to make payments based on their creditworthiness. This was performed per service-identifiable categories across all classes of debtors.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

1.40.3 Useful lives and residual values

The useful lives of assets are based on management's estimates. Management considers the impact of technology, availability of capital funding, service requirements and required return on assets to determine the optimum useful life expectation, where appropriate.

The estimated residual values of assets are also based on management's judgement on whether the assets will be sold or used to the end of their useful lives, and what their condition will be at that time.

1.40.4 Impairment of non-monetary assets

Non-monetary assets can include, but is not limited to, Property, Plant and Equipment, Investment Property and Intangible assets.

The Municipality is not a profit-oriented entity, as its primary objective is service delivery. Tariffs and charges are cost-reflective to ensure continued financial sustainability. No profit element is included in the determination of a tariff. As such, management has determined that the Municipality does not control assets that meet the definition of cash-generating assets and that the Standard of GRAP on Impairment of Non-cash-generating Assets will apply to all assets of the Municipality.

The calculation in respect of the impairment of non-monetary assets is based on an assessment of the extent to which the recoverable amount of the asset has declined below the carrying amount. This calculation will only be performed if there is an indication of an impairment.

1.40.5 Post-Retirement and Long-term Benefits

The cost of post retirement medical benefits and long-service awards are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return on assets, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

1.40.6 Provisions and Contingent Liabilities

Management's judgement is required when recognising and measuring provisions, as well as when measuring contingent liabilities. Provisions are discounted where the time value effect is material.

The provision for rehabilitation of the landfill site is recognised as and when the environmental liability arises. The provision is calculated by a qualified environmental engineer. The provision represents the net present value at the reporting date of the expected future cash flows to rehabilitate the landfill site. The discount rate used to calculate the effect of time value of money is linked to the index for earthwork as published by Statistics South Africa.

1.40.7 Financial Instruments and Statutory Receivables

The Municipality analyses the terms and conditions of the transactions that give rise to its receivables in order to understand whether they arise directly from legislation or similar means, or from a separate contract concluded with a party. Judgement is applied in applying the principles as set out in the respective Standards of GRAP on Financial Instruments and Statutory Receivables.

1.40.8 Financial assets and liabilities

The classification of financial assets and liabilities, into categories, is based on judgement by management. In making the judgement, management considered the definition and recognition criteria for the classification of financial instruments as set out in the Standard of GRAP on Financial Instruments.

1.40.9 Revenue Recognition

Accounting Policy on Revenue from Non-Exchange Transactions and Accounting Policy on Revenue from Exchange Transactions describes the conditions under which revenue will be recognised by management of the Municipality.

In making their judgement, management considered the detailed criteria for the recognition of revenue as prescribed in the Standard of GRAP on Revenue from Exchange Transactions and Standard of GRAP on Revenue from Non-Exchange Transactions. Specifically, when goods are sold, whether the significant risks and rewards of ownership of the goods have been transferred to the buyer and when services are rendered, whether the service has been performed.

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In considering the revenue to which the Municipality is entitled, the Municipality considers other factors that may impact the inflow of future economic benefits or service potential on initial recognition of revenue. Such factors include fines issued which will be reduced or withdrawn after reporting date. The Municipality applies judgement based on past experience and current facts and circumstances in order to adjust the traffic fine revenue accordingly.

1.40.10 Recognition and Derecognition of Land

In order for land to be meet the definition of an asset, the Municipality must be able to prove that control is being exercised. Control of land is evidenced by either legal ownership and/or the right to direct access to land, and to restrict or deny the access of others to land.

To demonstrate access/restriction rights, the Municipality assesses whether it has a substantive right for an unlimited period through a binding arrangement.

The above-mentioned assessment is subject to management's judgements and assumptions are applied to conclude that the Municipality controls land.

1.40.11 Materiality

Since materiality is an entity-specific concept, its application may result in different outcomes based on the Municipality's circumstances. The assessment of materiality therefore requires management to apply judgement about:

- (a) How information could reasonably be expected to influence the discharge of accountability by the Municipality or decisions that the users make on the basis of those financial statements.
- (b) How the nature or size or both, of the information could reasonably be expected to influence users' decisions.

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CASH AND CASH EQUIVALENTS

Bank Accounts	116 550 486	93 110 932
Call Investment Deposits	47 529 807	46 067 542
Cash Floats	9 699	10 150

Total	164 089 992	139 188 624
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Due to the short term nature of cash deposits, all balances included above are in line with their fair values.

Cash and Cash Equivalents are held to support the following commitments:

Department of Human Settlements	5 447 325	6 889 951
Unspent Conditional Grants	10 794 063	6 850 833
Unspent Public Contributions	329 439	536 036
Capital Replacement Reserve	37 219 568	24 266 886
Working Capital Requirements	110 299 596	100 644 918
Total Cash and Cash Equivalents	164 089 992	139 188 624

2.1 Bank Accounts

Standard Bank of South Africa Limited - Account Number 072-331-348 (Current Primary Account)	116 308 034	-
Standard Bank of South Africa Limited - Account Number 072-339-713 (Traffic Account)	-	-
ABSA Bank Limited - Account Number 40-5786-6237 (Former Primary Account)	242 452	93 110 932
ABSA Bank Limited - Account Number 08-2014-6603 (Income Account)	-	-
ABSA Bank Limited - Account Number 40-5915-5676 (Traffic account)	-	-
Total	116 550 486	93 110 932

Standard Bank of South Africa Limited - Account Number 072-331-348 (Current Primary Account)

Cash book balance at beginning of year	-	-
Cash book balance at end of year	116 308 034	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	115 513 106	-

Standard Bank of South Africa Limited - Account Number 072-339-713 (Traffic Account)

Cash book balance at beginning of year	-	-
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-

Traffic account is cleared daily to Primary Bank Account.

ABSA Bank Limited - Account Number 40-5786-6237 (Former Primary Account)

Cash book balance at beginning of year	93 110 932	87 515 246
Cash book balance at end of year	242 452	93 110 932
Bank statement balance at beginning of year	92 427 664	87 261 663
Bank statement balance at end of year	242 452	92 427 664

The Municipality has one guarantee of R15 000 in the name of the beneficiary, Eskom.

ABSA Bank Limited - Account Number 08-2014-6603 (Income Account)

Cash book balance at beginning of year	-	-
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-

Income account is cleared daily to Primary Bank Account.

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2 CASH AND CASH EQUIVALENTS (CONTINUED)

ABSA Bank Limited - Account Number 40-5915-5676 (Traffic account)

Cash book balance at beginning of year	-	-
Cash book balance at end of year	-	-
Bank statement balance at beginning of year	-	-
Bank statement balance at end of year	-	-
Traffic account is cleared daily to Primary Bank Account.		

2.2 Call Investment Deposits

Call investment deposits consist out of the following accounts:

Interneuron Capital Ltd	- Notice deposit	- Account number CA 002	430 224	430 224
ABSA Bank Limited	- 3 months investment	- Account number 93-0013-5651	13 082 142	12 685 058
ABSA Bank Limited	- 3 months investment	- Account number 93-0013-5415	26 700 181	25 874 965
ABSA Bank Limited	- Notice deposit	- Account number 90-9522-5460	7 747 485	7 507 519
			47 960 031	46 497 766
Less: Provision for Impairment			(430 224)	(430 224)
Total			47 529 807	46 067 542

An amount of R 430 224 (2020: R 430 224), included in Call Investment Deposits above, is invested in an institution which is under curatorship. The curators are encashing property developments financed by the investment company before distribution of funds will continue, however it is expected significant capital losses will be incurred. The dates of any possible future cashflows are not known at the reporting date and the full amount has been impaired due to the uncertainty of collectability.

3 RECEIVABLES FROM EXCHANGE TRANSACTIONS

Service Receivables

	236 212 685	214 980 199
Electricity	9 187 093	9 252 126
Water	49 798 271	59 233 225
Refuse	59 840 977	50 479 064
Sewerage	56 429 249	44 825 782
Interest	57 636 997	48 471 022
Other	3 320 098	2 718 980

Other Receivables

	3 439 256	3 917 356
Prepayments	3 077 933	3 472 877
Accrued Interest	361 323	444 478

Total Gross Balance

Less: Allowance for Debt Impairment

Total Net Receivable

Consumer debtors are payable within 30 days. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary. Interest of prime +1% is levied on late payments.

Refer to note 14.2 for receivables pledged as security for Long-term Liabilities.

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3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year	178 426 276	144 881 353
Movement in the contribution to the provision	46 425 221	42 030 519
Electricity	(109 647)	469 830
Water	12 248 735	10 557 928
Refuse	12 048 049	11 481 578
Sewerage	11 684 520	9 938 416
Interest	9 889 964	9 328 607
Other	663 601	254 160
Bad Debts Written off	(22 111 225)	(8 485 596)
Electricity	(67 690)	(4 024)
Water	(17 826 983)	(3 468 636)
Refuse	(1 759 710)	(1 952 794)
Sewerage	(1 426 662)	(1 583 073)
Interest	(912 370)	(1 379 538)
Other	(117 810)	(97 531)
Balance at the end of the year	202 740 272	178 426 276

The allowance for impairment of receivables has been made for all consumer balances outstanding (excluding outstanding government debt) based on the payment ratio over the last 12 months. No allowance for debt impairment is made for outstanding government debt. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
30 June 2021			
Service Receivables			
Electricity	9 187 093	(1 197 066)	7 990 027
Water	49 798 271	(36 575 539)	13 222 732
Refuse	59 840 977	(56 170 386)	3 670 591
Sewerage	56 429 249	(49 112 958)	7 316 291
Interest	57 636 997	(56 776 486)	860 511
Other	3 320 098	(2 907 837)	412 261
Other Receivables			
Prepayments	3 077 933	-	3 077 933
Accrued Interest	361 323	-	361 323
Total	239 651 941	(202 740 272)	36 911 669
30 June 2020			
Service Receivables			
Electricity	9 252 126	(1 374 404)	7 877 722
Water	59 233 225	(42 153 786)	17 079 439
Refuse	50 479 064	(45 882 047)	4 597 017
Sewerage	44 825 782	(38 855 100)	5 970 682
Interest	48 471 022	(47 798 892)	672 130
Other	2 718 980	(2 362 047)	356 933
Other Receivables			
Prepayments	3 472 877	-	3 472 877
Accrued Interest	444 478	-	444 478
Total	218 897 555	(178 426 276)	40 471 278

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3 RECEIVABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

Ageing of Receivables from Exchange Transactions

Electricity

0 - 30 Days (Current)	7 007 632	5 921 866
1 to 3 months	1 230 641	2 342 455
4 months to 1 year	302 166	428 944
Over 1 year	646 654	558 861
Total	9 187 093	9 252 126

Water

0 - 30 Days (Current)	12 850 087	15 083 597
1 to 3 months	5 111 399	6 096 194
4 months to 1 year	9 133 653	7 775 638
Over 1 year	22 703 132	30 277 796
Total	49 798 271	59 233 225

Refuse

0 - 30 Days (Current)	3 602 142	3 149 560
1 to 3 months	4 594 112	5 469 996
4 months to 1 year	9 310 589	8 776 987
Over 1 year	42 334 134	33 082 520
Total	59 840 977	50 479 064

Sewerage

0 - 30 Days (Current)	7 502 170	5 132 887
1 to 3 months	3 880 874	4 288 920
4 months to 1 year	9 419 283	8 185 732
Over 1 year	35 626 923	27 218 244
Total	56 429 249	44 825 782

Interest

0 - 30 Days (Current)	1 337 989	89
1 to 3 months	4 192 801	986
4 months to 1 year	6 345 795	11 036 868
Over 1 year	45 760 412	37 433 078
Total	57 636 997	48 471 022

Other

0 - 30 Days (Current)	278 939	219 506
1 to 3 months	473 816	197 059
4 months to 1 year	615 981	446 534
Over 1 year	1 951 363	1 855 881
Total	3 320 098	2 718 980

Summary Ageing of all Receivables from Exchange Transactions

0 - 30 Days (Current)	32 578 959	29 507 506
1 to 3 months	19 483 642	18 395 611
4 months to 1 year	35 127 467	36 650 702
Over 1 year	149 022 617	130 426 380
Total	236 212 685	214 980 199

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RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS

Service Receivables

Property Rates

43 056 217

39 194 564

Other Receivables

22 222 176

34 398 712

Unpaid Traffic Fines

20 721 500

33 292 690

Suspense Debtors

553 414

1 106 023

Unpaid Grants

947 263

-

Total Gross Balance

65 278 393

73 593 276

Less: Allowance for Debt Impairment

(49 248 757)

(55 826 242)

Total Net Receivable

16 029 637

17 767 035

As previously reported

17 818 339

Correction of error restatement - note

(51 304)

Restated balance

17 767 035

Rates are payable monthly within 30 days after the date of accounts. An option to pay rates annually is also available and the account must be settled on or before 30 September. This credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other receivables on initial recognition is not deemed necessary. Interest of prime +1% is levied on late payments.

Refer to note 14.2 for receivables pledged as security for Long-term Liabilities.

Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year

55 826 242

66 810 965

Movement in the contribution to the provision

16 935 751

28 226 527

Property Rates

4 575 594

4 950 620

Unpaid Traffic Fines

12 360 158

23 275 907

Bad Debts Written off

(23 513 236)

(39 211 250)

Property Rates

(4 646)

(1 366 985)

Unpaid Traffic Fines

(23 508 590)

(37 844 265)

Balance at the end of the year

49 248 757

55 826 242

The allowance for debt impairment of property rates has been made for all balances outstanding (excluding outstanding government debt) based on the payment ratio over the last 12 months. No allowance for debt impairment is made for outstanding government debt. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

The allowance for debt impairment of unpaid traffic fines has been made for all balances outstanding based on the collection rate over the last 12 months. All unpaid traffic fines older than 1 year are impaired in full.

	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
30 June 2021			
Service Receivables			
Property Rates	43 056 217	(28 946 757)	14 109 460
Other Receivables			
Unpaid Traffic Fines	20 721 500	(20 302 000)	419 500
Suspense Debtors	553 414	-	553 414
Unpaid Grants	947 263	-	947 263
Total	65 278 393	(49 248 757)	16 029 636

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4 RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS (CONTINUED)

	Gross Balance R	Allowance for Debt Impairment R	Net Receivable R
30 June 2020			
Service Receivables			
Property Rates	39 194 564	(24 375 809)	14 818 755
Other Receivables			
Unpaid Traffic Fines	33 292 690	(31 450 432)	1 842 257
Suspense Debtors	1 106 023	-	1 106 023
Total	73 593 276	(55 826 241)	17 767 035

Ageing of Receivables from Non-Exchange Transactions

Property Rates

0 - 30 Days (Current)	9 525 046	10 505 378
1 to 3 months	5 530 366	5 190 165
4 months to 1 year	8 680 161	7 467 900
Over 1 year	19 320 644	16 031 121
Total	43 056 217	39 194 564

5 TAXES

VAT Claimable/(Payable)	2 437 411	4 243 870
VAT in Suspense	(14 313 221)	(13 645 504)
VAT on Allowance for Debt Impairment	18 430 727	16 368 007
Total	6 554 917	6 966 373
As previously reported		5 613 765
Correction of error restatement - note 48.2		1 352 609
Restated balance		6 966 373

Reconciliation of VAT on Allowance for Debt Impairment

Balance at beginning of year	16 368 007	13 308 413
Debt Impairment for current year	2 062 720	3 059 594
Balance at the end of the year	18 430 727	16 368 007

6 OPERATING LEASES

6.1 OPERATING LEASE ASSET

Operating Lease Asset	522 793	457 759
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The operating lease asset is derived from contracts where the Municipality acts as the lessor in the agreement.

Reconciliation of Operating Lease Asset

Balance at the beginning of the year	457 759	439 966
Movement during the year	65 034	17 793
Balance at the end of the year	522 793	457 759

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6 OPERATING LEASES (CONTINUED)

The Municipality will receive the following lease payments from contracts that have defined lease payments and terms.

Within 1 Year	1 101 411	627 563
Between 1 and 5 Years	1 319 034	1 473 896
After 5 Years	1 119 608	1 378 108
Total operating lease payments	3 540 053	3 479 566

The prior year's total lease payments indicated an amount of R2 703 225. This amount has been restated to R3 479 566 due to calculation errors, duplications and omissions.

This lease income was determined from contracts that have a specific conditional income and does not include lease income which has a undetermined conditional income.

The Municipality leases a number of land and buildings for periods ranging from 2 to 99 years with escalations of between 0% and 20% per annum.

The Municipality does not engage in any sub-lease arrangements nor did the Municipality receive any contingent rent during the year.

7 LONG-TERM RECEIVABLES

Receivables with repayment arrangements	8 561 885	4 221 379
Individual Housing Loans	-	230
Total Gross Balance	8 561 885	4 221 609
Less: Allowance for Debt Impairment	(3 368 719)	(1 849 898)
Total Net Receivable	5 193 166	2 371 711
Less: Current portion of Long-term Receivables	(1 895 549)	(768 924)
Receivables with repayment arrangements	(1 895 549)	(768 694)
Individual Housing Loans	-	(230)
Total	3 297 617	1 602 787

Receivables with repayment arrangements

At year-end debtors amounting to R8 561 885 (2020 - R4 221 379) arranged to settle their accounts over an re-negotiated period. Total payments to the value of R5 725 877 (2020 - R2 928 419) have been deferred beyond 12 months after year end and subsequently included as part of long-term receivables.

Individual Housing Loans

Housing loans are not currently granted to officials of the Municipality. The outstanding amount relates to prior years and is still collectable. Staff were entitled to housing loans which attract interest at 3-10% per annum and which are repayable over a maximum period of 20 years. These loans are repayable up to the year 2021.

Reconciliation of Allowance for Debt Impairment

Balance at the beginning of the year	1 849 898	-
Movement in the contribution to the provision	1 518 821	1 849 898
Balance at the end of the year	3 368 719	1 849 898

The allowance for debt impairment of arrangements has been made for all balances outstanding based on the payment ratio over the last 12 months. Based on these payment trends, management is satisfied that no further credit provision is required in excess of the current allowance. The risk of non-payment is further mitigated due to the large customer base over which the outstanding receivable balance is spread.

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8 INVENTORY

Maintenance Materials	9 433 552	5 672 256
Water	729 363	760 244
Total	10 162 915	6 432 500

Inventory are disclosed at the lower of cost or net realisable value.

The Municipality recognised only purification costs in respect of non-purchased purified water inventory.

No inventory were pledged as security for liabilities.

Inventory written down due to losses identified during the annual stores counts	372 612	57 345
Inventory recognised as an expense during the year	11 058 021	7 143 860

9 INVESTMENT PROPERTY

Investment Property - Carrying Value	69 981 587	73 092 451
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The carrying value of Investment Property is reconciled as follows:

Opening Carrying Value	73 092 451	68 105 086
Cost	76 245 140	71 186 654
Accumulated Depreciation	(823 105)	(751 984)
Accumulated Impairment	(2 329 584)	(2 329 584)
Additions	-	-
Contributed Assets	-	5 150 000
Impairment	(2 868 308)	-
Disposals	(129 333)	(91 514)
Cost	(129 333)	(91 514)
Accumulated Depreciation	-	-
Accumulated Impairment	-	-
Depreciation	(113 222)	(71 121)
Closing Carrying Value	69 981 587	73 092 451
Cost	76 115 807	76 245 140
Accumulated Depreciation	(936 328)	(823 105)
Accumulated Impairment	(5 197 892)	(2 329 584)

There are no restrictions on the realisability of Investment Property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations to purchase, construct or develop Investment Property or for repairs, maintenance or enhancements.

Revenue derived from the rental of Investment Property	1 789 517	1 565 876
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No significant operating expenditure was incurred on investment property during the 2020/21 and 2019/20 financial year.

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10 PROPERTY, PLANT AND EQUIPMENT

	Cost R	Accumulated Depreciation R	Accumulated Impairment R	Carrying Value R
30 June 2021				
Land and Buildings	130 214 888	(6 833 242)	(2 660 710)	120 720 936
Infrastructure	946 099 310	(176 104 829)	-	769 994 481
Community Assets	763 623	(474 816)	-	288 807
Other Assets	75 448 176	(24 855 125)	-	50 593 051
Capitalised Restoration Cost	71 211 934	(39 288 491)	(16 454 291)	15 469 152
Total	1 223 737 931	(247 556 502)	(19 115 001)	957 066 427
30 June 2020				
Land and Buildings	129 397 604	(6 048 929)	(2 660 710)	120 687 965
Infrastructure	872 150 776	(158 864 195)	-	713 286 582
Community Assets	763 623	(452 425)	-	311 198
Other Assets	66 632 196	(21 489 996)	-	45 142 200
Capitalised Restoration Cost	50 645 161	(38 884 166)	(10 143 696)	1 617 298
Total	1 119 589 360	(225 739 712)	(12 804 406)	881 045 242
As previously reported				880 610 462
Correction of error restatement - note 48.3				434 780
Correction of error restatement - note 48.5				-
Restated balance				881 045 242

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the Municipality.

10.1 Repairs and Maintenance were incurred on the following asset classes:

Land and Buildings	8 966 170	7 534 907
Infrastructure	11 664 665	7 915 618
Community Assets	-	373 938
Other Assets	5 943 361	4 231 803
Total	26 574 196	20 056 266

The comparative figures for Repairs and Maintenance has been restated.

10.2 Capital Restoration Cost

The Municipality is required by relevant Environmental Legislation to rehabilitate landfill sites at the closure date of each respective site. The "Capitalised Restoration Cost" asset, which is capitalised in line with the requirements of GRAP 17 and iGRAP 2, relates to the initial estimate of costs involved to restore landfill sites under control of the Municipality.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

10.3 Reconciliation of Carrying Value

30 June 2021	Cost						Accumulated Depreciation and Impairment					Carrying Value
	Opening Balance	Additions	Disposals	Contributed Assets	Transfers	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	129 397 604	1 203 190	(385 906)	-	-	130 214 888	8 709 639	784 313	-	-	9 493 952	120 720 936
Land	44 485 543	-	-	-	37 470	44 523 013	2 660 710	-	-	-	2 660 710	41 862 303
Buildings	77 235 951	-	-	-	4 570 526	81 806 477	6 048 929	784 313	-	-	6 833 242	74 973 235
Work in progress	7 676 110	1 203 190	(385 906)	-	(4 607 996)	3 885 399	-	-	-	-	-	3 885 399
Infrastructure	872 150 776	74 724 333	(775 800)	-	-	946 099 310	158 864 195	17 252 746	-	(12 112)	176 104 829	769 994 481
Roads and Storm water	224 004 031	-	-	-	3 660 833	227 664 864	60 958 287	4 019 180	-	-	64 977 468	162 687 396
Electricity Network	103 344 507	-	(12 177)	-	19 964 474	123 296 804	19 775 968	2 638 417	-	(12 112)	22 402 273	100 894 530
Sewerage Network	213 070 807	-	-	-	2 526 108	215 596 915	35 838 646	5 181 505	-	-	41 020 151	174 576 764
Water Network	181 478 978	-	-	-	948 859	182 427 837	41 459 057	5 122 908	-	-	46 581 965	135 845 872
Refuse Removal	11 953 837	-	-	-	-	11 953 837	832 236	290 735	-	-	1 122 972	10 830 865
Work in progress	138 298 616	74 724 333	(763 622)	-	(27 100 273)	185 159 054	-	-	-	-	-	185 159 054
Community Assets	763 623	-	-	-	-	763 623	452 425	22 391	-	-	474 816	288 807
Parks and Gardens	561 924	-	-	-	-	561 924	250 726	22 391	-	-	273 117	288 807
Cemeteries	201 699	-	-	-	-	201 699	201 699	-	-	-	201 699	-
Other Assets	66 632 196	9 671 904	(871 123)	15 198	-	75 448 176	21 489 996	3 701 576	-	(336 448)	24 855 125	50 593 051
Computer Equipment	8 137 033	804 069	(186 441)	13 799	-	8 768 460	2 884 741	620 760	-	(77 402)	3 428 099	5 340 361
Furniture and Office Equipment	8 100 013	678 346	(295 718)	1 399	-	8 484 040	3 611 317	474 236	-	(72 692)	4 012 862	4 471 178
Machinery and Equipment	9 088 989	1 708 143	(283 914)	-	-	10 513 219	3 846 672	562 072	-	(122 092)	4 286 652	6 226 567
Transport Assets	41 306 161	6 481 346	(105 049)	-	-	47 682 457	11 147 265	2 044 508	-	(64 262)	13 127 512	34 554 945
Capitalised Restoration Cost	50 645 161	20 566 774	-	-	-	71 211 934	49 027 863	404 325	6 310 595	-	55 742 782	15 469 152
Landfill Site Rehabilitation	50 645 161	20 566 774	-	-	-	71 211 934	49 027 863	404 325	6 310 595	-	55 742 782	15 469 152
	1 119 589 360	106 166 201	(2 032 828)	15 198	-	1 223 737 931	238 544 118	22 165 350	6 310 595	(348 559)	266 671 504	957 066 427

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10 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

10.3 Reconciliation of Carrying Value

30 June 2020	Cost						Accumulated Depreciation and Impairment					Carrying Value (Restated)
	Opening Balance	Additions	Disposals	Contributed Assets	Transfers	Closing Balance	Opening Balance	Depreciation Charge	Impairment (Reversal)	Disposals	Closing Balance	
	R	R	R	R	R	R	R	R	R	R	R	R
Land and Buildings	124 417 279	5 261 611	(281 286)	-	-	129 397 604	7 985 524	724 116	-	-	8 709 639	120 687 965
Land	40 377 175	-	-	-	4 108 368	44 485 543	2 660 710	-	-	-	2 660 710	41 824 833
Buildings	75 465 569	-	-	-	1 770 382	77 235 951	5 324 814	724 116	-	-	6 048 929	71 187 022
Work in progress	8 574 535	5 261 611	(281 286)	-	(5 878 750)	7 676 110	-	-	-	-	-	7 676 110
Infrastructure	812 796 822	59 604 289	(250 335)	-	-	872 150 776	143 311 329	15 552 866	-	-	158 864 195	713 286 582
Roads and Storm water	221 727 636	-	-	-	2 276 395	224 004 031	57 003 652	3 954 635	-	-	60 958 287	163 045 744
Electricity Network	95 848 598	-	-	-	7 495 909	103 344 507	17 576 169	2 199 799	-	-	19 775 968	83 568 539
Sewerage Network	191 501 893	-	-	-	21 568 914	213 070 807	31 453 301	4 385 345	-	-	35 838 646	177 232 161
Water Network	175 215 817	-	-	-	6 263 161	181 478 978	36 737 528	4 721 529	-	-	41 459 057	140 019 921
Refuse Removal	11 953 837	-	-	-	-	11 953 837	540 679	291 557	-	-	832 236	11 121 601
Work in progress	116 549 041	59 604 289	(250 335)	-	(37 604 379)	138 298 616	-	-	-	-	-	138 298 616
Community Assets	763 623	-	-	-	-	763 623	429 967	22 458	-	-	452 425	311 198
Parks and Gardens	561 924	-	-	-	-	561 924	228 268	22 458	-	-	250 726	311 198
Cemeteries	201 699	-	-	-	-	201 699	201 699	-	-	-	201 699	-
Other Assets	59 805 746	7 153 635	(1 880 507)	1 553 322	-	66 632 196	19 285 682	3 374 139	-	(1 169 825)	21 489 996	45 142 200
Computer Equipment	8 545 701	465 035	(392 203)	-	(481 500)	8 137 033	2 486 754	609 302	-	(211 315)	2 884 741	5 252 292
Furniture and Office Equipment	8 201 998	252 733	(357 922)	3 204	-	8 100 013	3 396 734	482 702	-	(268 119)	3 611 317	4 488 696
Machinery and Equipment	8 648 534	909 843	(469 388)	-	-	9 088 989	3 644 814	542 146	-	(340 288)	3 846 672	5 242 317
Transport Assets	34 409 513	5 526 024	(660 995)	1 550 118	481 500	41 306 161	9 757 380	1 739 989	-	(350 103)	11 147 265	30 158 895
Capitalised Restoration Cost	53 749 407	-	(3 104 246)	-	-	50 645 161	46 425 649	2 602 214	-	-	49 027 863	1 617 298
Landfill Site Rehabilitation	53 749 407	-	(3 104 246)	-	-	50 645 161	46 425 649	2 602 214	-	-	49 027 863	1 617 298
	1 051 532 877	72 019 535	(5 516 374)	1 553 322	-	1 119 589 360	217 438 151	22 275 792	-	(1 169 825)	238 544 118	881 045 242

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11 INTANGIBLE ASSETS

Intangible Assets - Carrying Value

778 745

907 985

The carrying value of intangible Assets is reconciled as follows:

Opening Carrying Value

907 985

1 037 629

Cost

1 453 516

1 721 516

Accumulated Amortisation

(545 530)

(683 886)

Accumulated Impairment

-

-

Additions

-

-

Amortisation

(129 240)

(129 644)

Disposal

-

-

Cost

-

(268 000)

Accumulated Amortisation

-

268 000

Closing Carrying Value

778 745

907 985

Cost

1 453 516

1 453 516

Accumulated Amortisation

(674 770)

(545 530)

Accumulated Impairment

-

-

The following material intangible assets are included in the carrying value above

Description

Remaining amortisation period

Carrying Value

Computer software/licenses

5 - 8 years

778 745

907 985

No intangible asset were assessed having an indefinite useful life.

There are no internally generated intangible assets at reporting date.

There are no intangible assets whose title is restricted.

There are no intangible assets pledged as security for liabilities.

There are no contractual commitments for the acquisition of intangible assets.

12 HERITAGE ASSETS

The Municipality has four registered Heritage Assets, however, the principal usage of the assets are for service delivery and to derive rental income and are therefore recognised in Property, Plant and Equipment and Investment Property. The assets are as follows:

Erf 614, Caledon - utilised as the Town Hall

524 445

699 266

Erven 12 and 14 - Villiersdorp - leased to Tourism Buro

116 096

117 446

Bridge at Meul Street, Caledon

-

4

Bridge at Farm 39, Genadendal

109

122

Total carrying value included under Property, Plant and Equipment

640 650

816 838

There are no heritage assets whose title is restricted.

There are no heritage assets pledged as security for liabilities.

There are no contractual commitments for the acquisition, maintenance or restoration of heritage assets.

13 NON-CURRENT INVESTMENTS

Listed shares

189 265

181 771

Fixed Deposits

11 698 904

10 723 904

Total

11 888 169

10 905 675

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13 NON-CURRENT INVESTMENTS (CONTINUED)

13.1 Listed shares

Listed shares are held in public companies. No specific maturity dates and interest rates are applicable to these shares.

Listed investments comprise of the following:

Sanlam - Shares Investment

189 265

181 771

13.2 Fixed Deposits

Fixed Deposits are investments with a maturity period of more than 12 months and earn interest rates of 9.75% per annum.

Fixed deposits consist out of the following:

Nedbank - Account number 03 7881715316 0000 44 - 5 year investment

11 698 904

10 723 904

The fixed deposit is ring-fenced for the repayment of stock loans as per note 14.2.

14 LONG-TERM LIABILITIES

Annuity Loans

78 821 514

66 279 604

Stock Loans

16 022 969

16 022 969

Sub-Total

94 844 483

82 302 573

Less: Current portion of Long-term Liabilities

10 989 587

7 265 054

Annuity Loans

9 436 418

7 265 054

Stock Loans

1 553 169

-

Total

83 854 896

75 037 519

Long-term Liabilities were utilised as follow:

Total Long-term Liabilities taken up

94 844 483

82 302 573

Used to finance Property, Plant and Equipment at cost

(94 844 483)

(82 302 573)

Unspent Borrowings

-

-

Long-term liabilities have been utilised in accordance with the Municipal Finance Management Act.

14.1 Annuity Loans

Annuity Loans, disclosed at amortised cost, consist out of the following agreements:

Institution and loan number	Rate	Maturity Date	Carrying Value of Liability	
DBSA BANK - 10 & 20 year (Loan No. 102807/1)	10.74%	30/06/2028	5 071 581	5 563 870
DBSA BANK - 10 & 20 year (Loan No. 103108/1)	11.44%	30/09/2028	6 173 049	6 673 382
DBSA BANK - 20 year (103313.1)	9.85%	31/03/2029	14 127 092	15 246 096
DBSA BANK - 15 year (103313.2)	9.97%	31/03/2024	2 143 045	2 729 319
STANDARD BANK - 10 year (72479981)	11.72%	31/07/2020	-	245 118
DBSA BANK - 20 year (103817/3)	11.06%	31/12/2030	8 176 551	8 645 747
STANDARD BANK- 15 year (272400572)	12.22%	30/06/2026	4 421 359	5 032 389
ABSA BANK - 15 year (40-7908-8994)	10.79%	27/06/2027	6 941 292	7 738 505
ABSA BANK - 7 year (387230962)	10.09%	21/06/2021	-	564 929
ABSA BANK - 10 year (387230963)	10.63%	27/06/2024	3 427 429	4 352 892
ABSA - 5 year (3050777771)	8.95%	30/06/2024	1 295 408	1 655 742
ABSA - 7 year (3050777789)	9.19%	30/06/2026	1 925 994	2 216 295
ABSA - 10 year (3050777763)	9.62%	30/06/2029	2 833 785	3 058 580
NEDBANK - 15 year (05/78310356050)	10.45%	30/06/2034	2 469 963	2 556 740
STANDARD BANK - 4 year (000600694)	6.63%	31/12/2024	5 903 939	-
STANDARD BANK - 10 year (000600703)	8.26%	28/06/2030	4 868 511	-
STANDARD BANK - 15 year (000600712)	9.76%	29/06/2035	6 363 656	-
ABSA - 7 year (3052887574)	9.19%	30/06/2027	2 678 860	-
Total			78 821 514	66 279 604

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14 LONG-TERM LIABILITIES (CONTINUED)

All annuity loans are unsecured.

Annuity loans are payable as follows:

Payable within one year	17 063 524	14 014 706
Payable within two to five years	60 830 492	49 876 956
Payable after five years	36 836 096	35 683 954
Total amount payable	114 730 112	99 575 616
Less: Outstanding Future Finance Charges	(35 908 598)	(33 296 012)
Present value of annuity loans	78 821 514	66 279 604

14.2 Stock Loans

Stock Loans, disclosed at amortised cost, consist out of the following agreements:

Institution and loan number	Rate	Maturity Date	Carrying Value of Liability	
DBSA BANK - 15 year (1022754)	9.39%	31/03/2022	1 553 169	1 553 169
DBSA BANK - 20 year (1022755)	9.29%	31/03/2027	8 469 800	8 469 800
DBSA BANK - 20 year (1014871)	9.46%	31/12/2024	6 000 000	6 000 000
Total			16 022 969	16 022 969

The following serve as security for stock loans:

- Fixed Deposit as per note 13.2	11 698 904	10 723 904
- Cession on outstanding consumer debtors	6 000 000	6 000 000
Total	17 698 904	16 723 904

Stock loans are payable as follows:

Payable within one year	3 053 418	1 500 249
Payable within two to five years	10 572 928	12 839 586
Payable after five years	9 256 560	10 043 320
Total amount payable	22 882 906	24 383 155
Less: Outstanding Future Finance Charges	(6 859 937)	(8 360 186)
Present value of stock loans	16 022 969	16 022 969

15 CONSUMER DEPOSITS

Water and Electricity Deposits

4 832 729

4 764 788

The fair value of consumer deposits approximate their carrying value. Interest are not paid on these amounts.

16 PAYABLES FROM EXCHANGE TRANSACTIONS

Trade Payables	37 406 091	45 949 057
Retentions	10 721 031	9 087 754
Payments Received in Advance	7 606 577	7 177 154
Department of Human Settlements	5 447 325	6 889 951
Unused Pre-paid Electricity	1 122 746	1 023 380
Sundry Deposits	8 313 579	4 540 743
Accrued Interest	819 732	876 047
Land Sales Deposits	594 644	66 991
Total	72 031 727	75 611 077

Payables are being recognised net of any discounts received.

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16 PAYABLES FROM EXCHANGE TRANSACTIONS (CONTINUED)

The credit period granted is considered to be consistent with the terms used in the public sector, through established practices and legislation. Discounting of trade and other payables on initial recognition is not deemed necessary.

The carrying value of trade and other payables approximates its fair value.

Sundry deposits include hall, builders and housing deposits.

Department of Human Settlements balance consist of the following:

Advances received for the construction of housing top structures - note 35	-	882 222
Advances received in terms of principal-agent arrangements - note 60	5 447 327	6 007 730
Total	5 447 327	6 889 952

17 UNSPENT CONDITIONAL GOVERNMENT GRANTS

National Government	5 382 265	419 506
Provincial Government	4 946 476	5 966 005
Other Grant Providers	465 322	465 322
Total	10 794 063	6 850 833
As previously reported		6 800 833
Prior year error restatement - note 48.4		50 000
Restated balance		6 850 833

Detail reconciliations of all grants received and grant conditions met are included in note 24. Unspent grant balances are recognised to the extent that conditions are not yet met.

No grants were withheld in the current year.

Due to the short term nature of unspent grant balances, the carrying value approximates the fair value of the unspent conditional grants at year-end.

Unspent grants can mainly be attributed to projects that are work in progress on the relevant financial year-ends.

18 UNSPENT PUBLIC CONTRIBUTIONS

Hogeschool van Arnhem en Nijmegen (HAN)	329 439	536 036
Total	329 439	536 036

Detail reconciliations of all public contributions received are included in note 25. Unspent public contribution balances are recognised to the extent that conditions of the contribution are not yet met.

Due to the short term nature of unspent public contributions, the carrying value approximates the fair value of the unspent public contribution at year-end.

19 CURRENT EMPLOYEE BENEFITS

Bonuses	5 637 851	5 271 519
Staff Leave	17 420 525	16 827 198
Performance Bonuses	211 495	398 505
Pension	10 768	10 768
Group Insurance	189 266	181 771
Overtime	675 311	615 218
Current portion of Non-Current Employee Benefits - note 20	2 673 000	2 338 000
Post Retirement Medical Benefits	1 630 000	1 468 000
Long Service Awards	1 043 000	870 000
Total	26 818 216	25 642 980

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19 CURRENT EMPLOYEE BENEFITS (CONTINUED)

The movement in current employee benefits are reconciled as follows:

19.1 Bonuses

Opening Balance	5 271 519	4 688 468
Contribution during the year	11 236 970	10 582 774
Payments made	(10 870 639)	(9 999 722)
Balance at the end of the year	5 637 851	5 271 519

Bonuses are being paid to all municipal staff, excluding section 57 Managers. The balance at year end represent to portion of the bonus that have already vested for the current salary cycle.

19.2 Staff Leave

Opening Balance	16 827 198	13 215 605
Contribution during the year	1 712 737	4 372 110
Payments made	(1 119 410)	(760 517)
Balance at the end of the year	17 420 525	16 827 198

Staff leave accrued to employees according to collective agreement. Provision is made for the full cost of accrued leave at reporting date. This provision will be realised as employees take leave or when employment is terminated.

19.3 Performance Bonuses

Opening Balance	398 505	466 224
Contribution during the year	(21 978)	478 687
Payments made	(165 032)	(546 406)
Balance at the end of the year	211 495	398 505

Performance bonuses are being paid to the Municipal Manager and Directors after an evaluation of performance by the Council. There is no possibility of reimbursement.

19.4 Pension

Opening Balance	10 768	21 237
Payments made	-	(10 469)
Balance at the end of the year	10 768	10 768

Pension payments to staff who did not belong to a pension fund in 1994, according to a formula prescribed by a collective agreement. Payment of the amount will occur when respective employees retire. There is no possibility of reimbursement.

19.5 Group Insurance

Opening Balance	181 771	241 046
Fair Value adjustment during the year	7 495	(59 275)
Balance at the end of the year	189 266	181 771

Shares accruing and to be apportioned to staff contributing to the Sanlam Group insurance scheme. The timing of the payment is uncertain. The possibility of reimbursement is being investigated.

19.6 Overtime

Balance at beginning of year	615 218	712 072
Contribution during the year	675 311	615 218
Payments made	(615 218)	(712 072)
Balance at end of year	675 311	615 218

Overtime for staff worked in current financial year, but paid in next financial year.

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20 EMPLOYEE BENEFITS		
Post Retirement Medical Benefits	42 659 000	35 291 984
Long Service Awards	11 239 000	10 429 000
Sub-Total	53 898 000	45 720 984
Less: Current portion of Employee Benefits	2 673 000	2 338 000
Post Retirement Medical Benefits	1 630 000	1 468 000
Long Service Awards	1 043 000	870 000
Total	51 225 000	43 382 984

20.1 Post Retirement Medical Benefits

The movement in Post Retirement Medical Benefits are reconciled as follows:

Opening Balance	35 291 984	38 922 418
Contribution during the year	5 397 000	5 717 090
Current Service Cost	1 791 000	2 119 570
Interest Cost	3 606 000	3 597 520
Payments made	(1 711 124)	(1 566 767)
Actuarial Loss/(Gain)	3 681 140	(7 780 757)
Total balance at year-end	42 659 000	35 291 984
Less: Current portion	(1 630 000)	(1 468 000)
Total	41 029 000	33 823 984

The Post Retirement Medical Benefit Plan is a defined benefit plan, of which the members are made up as follows:

In-service members	230	224
In-service non-members	408	412
Continuation members	35	34
Total	673	670

The unfunded liability in respect of past service recognised in the Statement of Financial Position is as follows:

	In-Service Members R	In-Service non-Members R	Continuation Members R	Total unfunded Liability R
30 June 2021	19 319 000	4 820 000	18 520 000	42 659 000
30 June 2020	15 652 984	3 878 000	15 761 000	35 291 984
30 June 2019	17 142 566	4 366 349	17 413 503	38 922 418
30 June 2018	24 701 954	5 513 647	14 600 172	44 815 773
30 June 2017	21 131 224	5 113 005	16 814 590	43 058 819

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

Experience adjustments were calculated as follows:

	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
30 June 2021	(80 000)	-
30 June 2020	(350 000)	-
30 June 2019	974 000	-
30 June 2018	(781 000)	-
30 June 2017	(1 098 000)	-

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20 EMPLOYEE BENEFITS (CONTINUED)

The Municipality contributes to the following medical schemes on a monthly basis:

Bonitas
LA Health
Hosmed
Samwumed
Keyhealth

Key Actuarial Assumptions used are as follows:

i) Interest Rates

Discount rate	10.03%	10.43%
Health Care Cost Inflation Rate	6.80%	6.50%
Net Effective Discount Rate (Health Care Cost Inflation)	3.02%	3.69%
Maximum Subsidy Inflation Rate	4.73%	4.50%
Net Discount Rate for Capped Subsidies (Maximum Subsidy Inflation)	5.07%	5.67%

The discount rate used is a composite of all government bonds and is calculated using a technique that is known as "bootstrapping"

A discount rate of 10.03% per annum has been used. The corresponding index-linked yield at this term is 4.02%. These rates do not reflect any adjustment for taxation. These rates were deduced from the yield curve obtained from the Stock Exchange of South Africa after the market close on 30 June 2021.

ii) Mortality Rates

The PA 90 ultimate table, rated down by 1 year of age for post retirement, and the SA 85-90 table for in service employees, were used by the actuaries.

iii) Normal Retirement Age

It has been assumed that in-service members will retire at age 62, which then implicitly allows for expected rates of early and ill-health retirement.

iv) Last Valuation

The last valuation was performed on 19 July 2021.

v) Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

Sensitivity Analysis - Liability at year-end

Assumption	Eligible Employees (R)	Continuation members (R)	Total liability (R)	% change
Liability	24 139 000	18 520 000	42 659 000	
Health care inflation rate (+ 1%)	26 267 000	19 151 000	45 418 000	6%
Health care inflation rate (- 1%)	21 284 000	17 713 000	38 997 000	-9%
Discount rate (+ 1%)	20 169 000	17 096 000	37 265 000	-13%
Discount rate (- 1%)	29 248 000	20 170 000	49 418 000	16%
Post-employment mortality (+ 1 year)	23 572 000	17 932 000	41 504 000	-3%
Post-employment mortality (- 1 year)	24 693 000	19 104 000	43 797 000	3%
Average retirement age (- 1 year)	26 637 000	18 520 000	45 157 000	6%
Continuation of membership at retirement (- 10%)	18 562 000	18 520 000	37 082 000	-13%

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20 EMPLOYEE BENEFITS (CONTINUED)

Sensitivity Analysis - Future Service and Interest Cost

Assumption	Current Service Cost (R)	Interest Cost (R)	Total Cost (R)	% change
Estimated for 2021/22	2 196 000	4 199 000	6 395 000	
Health care inflation (+ 1%)	2 395 000	4 475 000	6 870 000	7%
Health care inflation (- 1%)	1 917 000	3 832 000	5 749 000	-10%
Discount rate (+ 1%)	1 820 000	4 023 000	5 843 000	-9%
Discount rate (- 1%)	2 681 000	4 390 000	7 071 000	11%
Post-employment mortality (+ 1 year)	2 143 000	4 083 000	6 226 000	-3%
Post-employment mortality (- 1 year)	2 244 000	4 313 000	6 557 000	3%
Average retirement age (- 1 year)	2 351 000	4 449 000	6 800 000	6%
Continuation of membership at retirement (- 10%)	1 677 000	3 640 000	5 317 000	-17%

20.2 Long Service Awards

The movement in Long Service Awards are reconciled as follows:

Opening Balance	10 429 000	9 684 129
Contribution during the year	1 757 000	1 748 687
Current Service Cost	981 000	973 072
Interest Cost	776 000	775 615
Payments made	(870 973)	(767 145)
Actuarial Loss/(Gain)	(76 027)	(236 671)
Total balance at year-end	11 239 000	10 429 000
Less: Current portion	(1 043 000)	(870 000)
Total	10 196 000	9 559 000

The Long Service Awards plans are defined benefit plans.

As at year end, the following number of employees were eligible for Long Service Awards	638	634
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The unfunded liability in respect of past service recognised in the Statement of Financial Position is as follows:

	Unfunded Liability R
30 June 2021	11 239 000
30 June 2020	10 429 000
30 June 2019	9 684 129
30 June 2018	7 194 517
30 June 2017	6 696 850

The Municipality has elected to recognise the full increase in this defined benefit liability immediately as per GRAP 25.

Experience adjustments were calculated as follows:

	Liabilities (Gain) / Loss R	Assets Gain / (Loss) R
30 June 2021	110 973	-
30 June 2020	405 329	-
30 June 2019	142 031	-
30 June 2018	482 659	-
30 June 2017	218 446	-

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20 EMPLOYEE BENEFITS (CONTINUED)

Key Actuarial Assumptions used are as follows:

i) Interest Rates

Discount rate	9.62%	7.76%
General earnings inflation rate (long-term)	5.91%	4.24%
Net discount rate	3.50%	3.38%

The discount rate used is a composite of all government bonds and is calculated using a technique that is known as "bootstrapping"

The discount rate of 9.62% per annum has been used. This is derived by using a liability-weighted average of the yields corresponding to the actual term until payment of long service awards, for each employee. The corresponding liability-weighted index-linked yield is 4.01%. These rates do not reflect any adjustment for taxation. These rates were deduced from the yield curve obtained from the Stock Exchange of South Africa after the market close on 30 June 2021.

ii) Last Valuation

The last valuation was performed on 19 July 2021.

iii) Actuarial Valuation Method

The Projected Unit Credit Method has been used to value the liabilities.

Sensitivity Analysis on the Unfunded Accrued Liability

Assumption	Current Liability (R)	Liability (R)	% Change
General earnings inflation rate (+ 1%)	11 239 000	12 038 000	7%
General earnings inflation rate (- 1%)	11 239 000	10 520 000	-6%
Discount rate (+ 1%)	11 239 000	10 506 000	-7%
Discount rate (- 1%)	11 239 000	12 068 000	7%
Average retirement age (+ 2 years)	11 239 000	12 700 000	13%
Average retirement age (- 2 years)	11 239 000	9 979 000	-11%
Withdrawal rates (x 2)	11 239 000	8 776 000	-22%
Withdrawal rates (x 0.5)	11 239 000	12 981 000	15%

Sensitivity Analysis on the Current-service and Interest Costs (Next Financial Year)

Assumption	Current Service Cost (R)	Interest Cost (R)	Total(R)	% Change
Estimated for 2021/22	1 044 000	1 032 000	2 076 000	
General earnings inflation rate (+ 1%)	1 137 000	1 109 000	2 246 000	8%
General earnings inflation rate (- 1%)	962 000	963 000	1 925 000	-7%
Discount rate (+ 1%)	970 000	1 062 000	2 032 000	-2%
Discount rate (- 1%)	1 129 000	996 000	2 125 000	2%
Average retirement age (+ 2 years)	1 161 000	1 173 000	2 334 000	12%
Average retirement age (- 2 years)	945 000	911 000	1 856 000	-11%
Withdrawal rates (x 2)	739 000	795 000	1 534 000	-26%
Withdrawal rates (x 0.5)	1 278 000	1 200 000	2 478 000	19%

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20 EMPLOYEE BENEFITS (CONTINUED)

20.3 Other Pension Benefits

Defined Benefit Plans

Council contributes to the following defined benefit plans:

LA Retirement Fund (Former Cape Joint Pension Fund)	110 037	101 136
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The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2020 revealed that the fund is in a sound financial position with a funding level of 100.0% (30 June 2019 - 100.7%).

Consolidated Retirement Fund (Former Cape Retirement Fund)	21 146 679	19 623 845
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The contribution rate payable is 9% by members and 18% by Council. The last actuarial valuation performed for the year ended 30 June 2020 revealed that the fund is in a sound financial position with a funding level of 100.5% (30 June 2019 - 100.3%).

Total	21 256 716	19 724 980
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Both the LA Retirement Fund and Consolidated Retirement Fund are multi-employer plans. Multiple local authorities participate in these multi-employer funds. Multi-employer plans are defined as defined benefit plans. When sufficient information is not available to use defined benefit accounting for a multi-employer plan, an entity will account for the plan as if it were a defined contribution plan.

The Municipality requested detailed employee and pensioner information as well as information on the Municipality's share of the Retirement Funds' assets from the fund administrator. The fund administrator confirmed that assets of the Retirement Funds are not split per participating employer. Therefore, the Municipality is unable to determine the value of the plan assets as defined in GRAP 25.

As part of the Municipality's process to value the defined benefit liabilities, the Municipality requested pensioner data from the fund administrator. The fund administrator claim that the pensioner data to be confidential and were not willing to share the information with the Municipality. Without detailed pensioner data the Municipality was unable to calculate a reliable estimate of the accrued liability in respect of pensioners who qualify for a defined benefit pension.

Therefore, although the LA Retirement Fund and Consolidated Retirement Fund are Multi-employer funds defined as defined benefit plan, it will be accounted for as defined contribution plan due to sufficient information not being available.

Defined Contribution Plans

Council contributes to the following defined contribution plans:

Municipal Councillors Pension Fund	44 669	43 201
SALA Pension Fund	134 629	121 942
SAMWU National Provident Fund	2 410 239	2 322 136
IMATU Provident Fund	217 811	177 510

Total	2 807 348	2 664 789
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The retirement benefit funds are subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs.

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21 NON-CURRENT PROVISIONS

Provision for Rehabilitation of Landfill-sites	119 172 026	91 568 233
As previously reported		90 873 997
Correction of error restatement - note 48.5		694 235
Restated balance		91 568 233
The movement in Rehabilitation Provision - Landfill Sites are reconciled as follows:		
Opening Balance	91 568 233	91 357 118
Contribution during the year	27 603 793	211 115
Increase/(Decrease) in estimate allocated to Capital Restoration Cost Asset	20 566 775	(3 104 246)
Increase/(Decrease) in estimate allocated to Statement of Financial Performance	-	(3 313 512)
Interest Cost	7 037 019	6 628 872
Total	119 172 026	91 568 233

The calculation for the rehabilitation of the landfill site provision was compiled by an independent qualified engineer in order to determine the present value to rehabilitate the landfill sites at the end of its useful life.

The future obligations for rehabilitating the landfill sites has been calculated using a discount rate of 7.471% (2020 - 7.685%) which is based on the South African 5 year Government Bond yield.

The total obligation at year-end can be attributed to the following sites:

Location	Site Dimensions (m ²)	Rehabilitation cost per m ² (Rand)	Current Cost of Rehabilitation	Current Cost of Rehabilitation
Caledon	59 661	745	42 262 585	31 821 837
Genadendal	20 490	819	15 648 782	12 073 450
Greyton	16 978	838	13 011 487	10 097 539
Riversonderend	10 720	1 105	11 049 444	8 890 695
Villiersdorp	21 110	829	17 399 161	13 889 211
Botrivier	17 537	1 175	19 800 566	14 795 501
Total			119 172 026	91 568 233

The estimate cost, based on an average inflation rate of 5.36% (2020 - 5.51%), and date of decommission of the sites are as follows:

Location	Estimated Decommission Date	Future Cost of Rehabilitation	Future Cost of Rehabilitation
Caledon	2024	51 975 131	42 317 455
Genadendal	2025	20 137 245	16 234 998
Greyton	2026	17 994 415	14 621 489
Riversonderend	2025	14 218 702	11 955 192
Villiersdorp	2023	18 919 290	15 708 801
Botrivier	2023	22 869 684	17 156 949
Total		146 114 467	117 994 885

22 RESERVES

Capital Replacement Reserve	37 219 568	24 266 886
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The Capital Replacement Reserve is used to finance future capital expenditure from own funds.

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PROPERTY RATES

Rateable Land and Buildings	121 197 773	113 734 074
Total	121 197 773	113 734 074
As previously reported		114 143 250
Correction of error restatement - note 48.1		(409 176)
Restated balance		113 734 074

Property rate levied are based on the following rateable valuations:

Residential (including Residential Vacant)	6 486 581 369	6 544 443 969
Business and Commercial (Including vacant)	1 981 155 366	1 844 367 400
Industrial (Including vacant)	298 247 500	301 280 000
Mining	3 174 000	3 174 000
Public benefit Organizations	96 354 819	107 626 000
Public Service Infrastructure	51 552 500	51 543 500
Public Service Purposes (formerly included in State-owned)	567 046 000	547 618 500
Agricultural	15 829 001 391	15 913 078 218
Total Valuation	25 313 112 945	25 313 131 587

Rate that is applicable to the valuations above:

Residential (including Residential Vacant)	0.8970 c/R	0.8399 c/R
Business and Commercial (Including vacant)	1.7940 c/R	1.6798 c/R
Industrial (Including vacant)	1.7940 c/R	1.6798 c/R
Mining	1.7940 c/R	1.6798 c/R
Public benefit Organizations	0.2243 c/R	0.2100 c/R
Public Service Infrastructure	0.2243 c/R	0.2100 c/R
Public Service Purposes (formerly included in State-owned)	1.7940 c/R	1.6798 c/R
Agricultural	0.1796 c/R	0.1682 c/R

Valuations on land and buildings are performed every five years. The last valuation came into effect on 1 July 2018. Interim valuations are processed on an annual basis to include changes in property values and subdivisions.

Rates are levied monthly and annually. Monthly rates are payable by the end of the month in which the amount was levied and annual rates are payable before 30 September. Interest is levied at the prime rate plus 1% on outstanding monthly rates.

Rebates can be defined as any income that the Municipality is entitled by law to levy, but in terms of Council's own policy opted not to collect it.

The first R 15 000 of the valuation on properties used only for residential purposes are exempted from property rates in terms of the Property Rates Act.

A further R85 000 on the valuation is exempt from property rates for all residential properties valued R200 000 or less.

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GOVERNMENT GRANTS AND SUBSIDIES

Unconditional Grants - National Government

Equitable Share

118 783 000

95 587 000

118 783 000

95 587 000

Conditional Grants - National Government

35 436 502

34 970 884

Finance Management Grant (FMG)

1 702 037

1 697 963

Municipal Infrastructure Grant (MIG)

23 112 927

26 255 570

Expanded Public Works Programme (EPWP)

1 924 047

1 780 998

Integrated National Electrification Programme (INEP)

5 000 000

5 019 000

Public Works

-

145 581

Water and Sanitation

-

-

Municipal Disaster Relief Grant

150 229

71 772

Energy Efficiency & Demand Side Management Grant

3 547 263

-

Water Service Infrastructure Grant (WSIG)

-

-

Conditional Grants - Provincial Government

19 043 801

27 732 180

Housing

5 693 273

16 348 157

CDW Contribution

170 000

96 844

Thusong Multi Purpose Centre

150 000

-

Main Roads Subsidy

130 000

80 500

Financial Support Grant

153 399

300 435

Library Subsidy

9 250 757

8 148 459

Municipal Capacity Building Grant

1 330 919

1 845 785

Local Government Graduate Internship Allocation

-

-

Municipal Disaster Recovery (Water Supply Grant)

-

-

Sport and Recreation

238 066

-

Municipal Drought Relief (MDR)

1 874 786

112 000

Local Government Support Grant

-

800 000

Regional socio-economic projects (RSEP)

52 600

-

Conditional Grants - Other Grant Providers

342 047

936 147

DBSA Local Economic Development

-

565 893

SETA

342 047

370 254

SANRAL

-

-

Economic Development

-

-

Total

173 605 350

159 226 211

As previously reported

159 276 211

Change in accounting policy restatement - note 48.4

(50 000)

Restated balance

159 226 211

Disclosed as:

Government Grants and Subsidies - Operating

137 761 584

114 526 744

Government Grants and Subsidies - Capital

35 843 766

44 699 467

Total

173 605 350

159 226 211

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24 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

Grants per Vote (MFMA Sec 123 (c)):

Equitable share	118 783 000	95 587 000
Vote 1 - Budget and treasury office	-	7 322 147
Vote 1 - Directorate Finance	6 061 211	-
Vote 2 - Community and social services	-	8 148 459
Vote 3 - Corporate services	-	25 680 569
Vote 4 - Electricity	8 752 894	5 704 953
Vote 5 - Environmental protection	-	-
Vote 6 - Executive and council	-	96 844
Vote 6 - Office of the Municipal Manager	4 149	-
Vote 7 - Housing	-	16 493 738
Vote 8 - Planning and development	-	-
Vote 8 - Directorate Technical Services and Planning	27 925 838	-
Vote 9 - Public safety	-	-
Vote 10 - Road transport	-	80 500
Vote 11 - Sport and recreation	-	-
Vote 12 - Waste management	-	-
Vote 13 - Waste water management	-	-
Vote 14 - Water	1 874 786	112 000
Vote 15 - Directorate Development and Community Services	10 203 472	-

Total

173 605 350

159 226 211

The movements per grant can be summarised as follows:

24.01 Equitable Share

Opening Unspent Balance	-	-
Grants Received	118 783 000	95 587 000
Transferred to Revenue - Operating	(118 783 000)	(95 587 000)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	-

The Equitable Share is the unconditional share of the revenue raised nationally and is being allocated in terms of Section 214 of the Constitution (Act 108 of 1996) to the municipality by the National Treasury.

24.02 Finance Management Grant (FMG)

Opening Unspent Balance	2 037	-
Grants Received	1 700 000	1 700 000
Transferred to Revenue - Operating	(1 682 037)	(1 697 963)
Transferred to Revenue - Capital	(20 000)	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	2 037

The Financial Management Grant is a conditional grant to assist municipalities in the implementation of financial reforms required by the Municipal Finance Management Act (MFMA), 2003. The grant also utilised to cover expenditure relating to the Financial Management Internship Programme.

24.03 Municipal Infrastructure Grant (MIG)

Opening Unspent Balance	175 239	34 809
Grants Received	25 813 000	26 396 000
Transferred to Revenue - Operating	(3 550 205)	(3 892 144)
Transferred to Revenue - Capital	(19 562 722)	(22 363 426)
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	2 875 312	175 239

The MIG grant is a conditional grant used to upgrade infrastructure in the municipal area with the main focus on previously disadvantaged areas.

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24 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

24.04 Expanded Public Works Programme (EPWP)

Opening Unspent Balance	76 002	-
Grants Received	1 854 998	1 857 000
Transferred to Revenue - Operating	(1 924 047)	(1 780 998)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	6 953	76 002

The EPWP grant is a conditional grant to incentivise municipalities to expand work creation efforts through the use of labour intensive delivery methods in the identified focus areas in compliance with the EPWP guidelines.

24.05 Integrated National Electrification Programme (INEP)

Opening Unspent Balance	-	-
Grants Received	5 000 000	5 019 000
Transferred to Revenue - Operating	(652 000)	(654 000)
Transferred to Revenue - Capital	(4 348 000)	(4 365 000)
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	-

The INEP grant is a conditional grant to provide capital subsidies to municipalities to address the electrification backlog of occupied residential dwellings and the installation of bulk infrastructure.

24.06 Public Works

Opening Unspent Balance	-	145 581
Grants Received	-	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	(145 581)
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	-

This grant will be utilised for security in Grabouw.

24.07 Water and Sanitation

Opening Unspent Balance	-	28 919 000
Grants Received	-	(28 919 000)
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	-

This grant will be utilised for the development of water resources.

24.08 Municipal Disaster Relief Grant

Opening Unspent Balance	166 228	-
Grants Received	(15 999)	238 000
Transferred to Revenue - Operating	-	(71 772)
Transferred to Revenue - Capital	(150 229)	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	-	166 228

This grant was utilised to provide for the immediate release of funds for disaster purpose.

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24.09	Energy Efficiency & Demand Side Management Grant		
	Opening Unspent Balance	-	-
	Grants Received	2 600 000	-
	Transferred to Revenue - Operating	(469 000)	-
	Transferred to Revenue - Capital	(3 078 263)	-
	Transfer to / (from) Receivables	947 263	-
		<u>-</u>	<u>-</u>
	Closing Unspent Balance	-	-
	Grant was utilised for the purchase and installation of street lights.		
24.10	Water Service Infrastructure Grant (WSIG)		
	Opening Unspent Balance	-	-
	Grants Received	2 500 000	-
	Transferred to Revenue - Operating	-	-
	Transferred to Revenue - Capital	-	-
	Transfer to / (from) Receivables	-	-
		<u>-</u>	<u>-</u>
	Closing Unspent Balance	2 500 000	-
	Grant will be utilised for the replacement of water pipes.		
24.11	Housing		
	Opening Unspent Balance	-	-
	Grants Received	5 971 271	16 348 157
	Transferred to Revenue - Operating	-	-
	Transferred to Revenue - Capital	(5 693 273)	(16 348 157)
	Transfer to / (from) Receivables	-	-
		<u>-</u>	<u>-</u>
	Closing Unspent Balance	277 998	-
	Housing grants was utilised for the development of erven and infrastructure.		
24.12	CDW Contribution		
	Opening Unspent Balance	163 156	-
	Grants received	112 000	260 000
	Transferred to Revenue - Operating	(170 000)	(96 844)
	Transferred to Revenue - Capital	-	-
	Transfer to / (from) Receivables	-	-
		<u>-</u>	<u>-</u>
	Closing Unspent Balance	105 156	163 156
	The CDW Contribution was used to finance the activities of Community Development Workers.		
24.13	Thusong Multi Purpose Centre		
	Opening Unspent Balance	70 593	70 593
	Grants received	150 000	-
	Transferred to Revenue - Operating	(150 000)	-
	Transferred to Revenue - Capital	-	-
	Transfer to / (from) Receivables	-	-
		<u>-</u>	<u>-</u>
	Closing Unspent Balance	70 593	70 593
	The grant is intended to be utilised for the improvement of financial governance.		

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24 GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)

24.14 Main Roads Subsidy

Opening Unspent Balance	88 611	55 111
Grants received	130 000	114 000
Transferred to Revenue - Operating	(130 000)	(80 500)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	88 611	88 611

The subsidy is utilised for the maintenance of the provincial main roads which runs through the town centres.

24.15 Financial Support Grant

Opening Unspent Balance	872 478	468 813
Grants received	-	704 100
Transferred to Revenue - Operating	(153 399)	(300 435)
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	719 079	872 478

The grant is intended to be utilised for the improvement of financial governance.

24.16 Library Subsidy

Opening Unspent Balance	1 648 224	462 683
Grants received	9 111 000	9 334 000
Transferred to Revenue - Operating	(9 044 496)	(8 123 109)
Transferred to Revenue - Capital	(206 261)	(25 350)
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	1 508 467	1 648 224

The subsidy is utilised for the operational costs of libraries which is a provincial function.

24.17 Municipal Capacity Building Grant

Opening Unspent Balance	1 892 367	1 170 139
Grants Received	300 000	2 568 013
Transferred to Revenue - Operating	(473 287)	(505 832)
Transferred to Revenue - Capital	(857 632)	(1 339 953)
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	861 448	1 892 367

To develop financial human capacity within municipal areas to enable a sustainable local financial skills pipeline that is responsive to municipalities' requirements to enable sound and sustainable financial management and good financial governance.

24.18 Local Government Graduate Internship Allocation

Opening Unspent Balance	20 000	20 000
Grants Received	-	-
Transferred to Revenue - Operating	-	-
Transferred to Revenue - Capital	-	-
Transfer to / (from) Receivables	-	-
Closing Unspent Balance	20 000	20 000

This grant will be utilised for the recruitment of interns.

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24	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
24.19	Municipal Disaster Recovery (Water Supply Grant)		
	Opening Unspent Balance	569 425	569 425
	Grants Received	-	-
	Transferred to Revenue - Operating	-	-
	Transferred to Revenue - Capital	-	-
	Transfer to / (from) Receivables	-	-
	Closing Unspent Balance	569 425	569 425
	This grant will be utilised for boreholes.		
24.20	Sport and Recreation		
	Opening Unspent Balance	244 702	24 702
	Grants Received	-	220 000
	Transferred to Revenue - Operating	(238 066)	-
	Transferred to Revenue - Capital	-	-
	Transfer to / (from) Receivables	-	-
	Closing Unspent Balance	6 636	244 702
	This grant will be utilised for boreholes.		
24.21	Municipal Drought Relief (MDR)		
	Opening Unspent Balance	396 449	8 449
	Grants Received	1 750 000	500 000
	Transferred to Revenue - Operating	-	-
	Transferred to Revenue - Capital	(1 874 786)	(112 000)
	Transfer to / (from) Receivables	-	-
	Closing Unspent Balance	271 663	396 449
	The grant will be utilised for boreholes.		
24.22	Local Government Support Grant		
	Opening Unspent Balance	-	-
	Grants Received	-	800 000
	Transferred to Revenue - Operating	-	(800 000)
	Transferred to Revenue - Capital	-	-
	Transfer to / (from) Receivables	-	-
	Closing Unspent Balance	-	-
	This grant is utilised to provide financial assistance to local municipalities to augment and support current humanitarian relief initiatives.		
24.23	Regional socio-economic projects (RSEP)		
	Opening Unspent Balance	-	-
	Grants Received	500 000	-
	Transferred to Revenue - Operating	-	-
	Transferred to Revenue - Capital	(52 600)	-
	Transfer to / (from) Receivables	-	-
	Closing Unspent Balance	447 400	-
	This grant is earmarked for the erection of fencing, security gates and installation of shutter doors at the trading market.		

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<i>Figures in Rand</i>		2021	2020
24	GOVERNMENT GRANTS AND SUBSIDIES (CONTINUED)		
24.24	DBSA Local Economic Development		
	Opening Unspent Balance	226 477	141 593
	Grants Received	-	650 777
	Transferred to Revenue - Operating	-	(565 893)
	Transferred to Revenue - Capital	-	-
	Transfer to / (from) Receivables	-	-
	Closing Unspent Balance	226 477	226 477
	This grant is utilised for the replacement of bulk sewerage line between Caledon and Myddleton.		
24.25	SETA		
	Opening Unspent Balance	-	-
	Grants Received	342 047	370 254
	Transferred to Revenue - Operating	(342 047)	(370 254)
	Transferred to Revenue - Capital	-	-
	Transfer to / (from) Receivables	-	-
	Closing Unspent Balance	-	-
	This grant is for the training and development of municipal officials.		
24.26	SANRAL		
	Opening Unspent Balance	173 950	173 950
	Grants Received	-	-
	Transferred to Revenue - Operating	-	-
	Transferred to Revenue - Capital	-	-
	Transfer to / (from) Receivables	-	-
	Closing Unspent Balance	173 950	173 950
	This grant will be utilised for the construction of a taxi rank / bus stop in Grabouw.		
24.27	Economic Development		
	Opening Unspent Balance	64 895	64 895
	Grants Received	-	-
	Transferred to Revenue - Operating	-	-
	Transferred to Revenue - Capital	-	-
	Transfer to / (from) Receivables	-	-
	Closing Unspent Balance	64 895	64 895
	This grant will be utilised for local economic development.		
24.28	Total Grants		
	Opening Unspent Balance	6 850 833	32 329 743
	Grants Received	176 601 317	133 747 301
	Transferred to Revenue - Operating	(137 761 584)	(114 526 744)
	Transferred to Revenue - Capital	(35 843 766)	(44 699 467)
	Transfer to / (from) Receivables	947 263	-
	Closing Unspent Balance	10 794 064	6 850 833

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25	PUBLIC CONTRIBUTIONS AND DONATIONS		
	Hogeschool van Arnhem en Nijmegen (HAN)	495 127	804 176
	Total	495 127	804 176
	The movements per grant can be summarised as follows:		
25.01	Hogeschool van Arnhem en Nijmegen (HAN)		
	Opening Unspent Balance	335 034	58 790
	Grants Received	1 080 420	1 080 420
	Transferred to Revenue - Operating	(495 127)	(804 176)
	Transferred to Revenue - Capital	-	-
	Closing Unspent Balance	920 327	335 034
	The grant gives students from abroad the opportunity to engage with community in upliftment of previously disadvantaged communities projects.		
26	CONTRIBUTED ASSETS		
	Investment Property	-	5 150 000
	Property, Plant and Equipment	15 198	1 553 322
	Total	15 198	6 703 322
	Contributed Assets consists out of the following:		
	- Land and buildings - ownership reverted back to Municipality after lease period ended	-	5 150 000
	- Vehicles transferred to Municipality as contract expired with supplier	-	426 814
	- Refuse compactor	-	173 302
	- Digger loaders	-	950 000
	- Office Equipment	-	3 206
	- Computer and Office Equipment	15 198	-
	Total	15 198	6 703 322
	The contributed assets were donated from the following parties:		
	- Area-based community development organisations	-	6 103 206
	- Suppliers	-	426 814
	- Saldanha Bay Municipality	-	173 302
	- Insurance company replaced the assets rather than paying a refund	15 198	-
	Total	15 198	6 703 322
27	FINES, PENALTIES AND FORFEITS		
	Traffic	12 302 900	24 012 050
	Pound Fees	130 316	271 862
	Unclaimed Money	1 488 385	168 272
	Overdue Books	7 077	8 895
	Total	13 928 678	24 461 079
	In terms of the requirements of GRAP 23 and IGRAP 1, all traffic fines issued during the year are recognised as revenue.		

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<i>Figures in Rand</i>		2021	2020
28	ACTUARIAL GAINS		
	Post Retirement Medical Benefits	-	7 780 757
	Long Service Awards	76 027	236 671
	Total	76 027	8 017 428
	The actuarial gains mainly originated as a result of a increase in the net discount rate being used by the actuaries to calculate the employee benefits.		
29	OTHER INCOME (NON-EXCHANGE)		
	Landfill Sites - iGRAP 2 adjustments	-	3 313 512
	Insurance Refund	412 387	315 380
	Total	412 387	3 628 891
	As previously reported		-
	Correction of error restatement - note 49.4		(53 441)
	Reclassification - note 49.1		3 366 953
	Reclassification - note 49.2		315 380
	Restated balance		3 628 891
	Landfill Sites - iGRAP2 adjustments relate to a decrease in the landfill site's rehabilitation provision of which the decrease is in excess of the carrying value of the related asset.		
30	SERVICE CHARGES		
	Electricity	106 618 315	99 437 750
	Water	85 443 545	81 552 656
	Refuse Removal	49 409 061	46 176 866
	Sewerage and Sanitation	49 290 204	43 783 096
	Total Revenue	290 761 125	270 950 368
	Less: Rebates	(37 284 055)	(31 856 044)
	Electricity	(4 092 895)	(3 315 993)
	Water	(8 387 616)	(6 927 439)
	Refuse Removal	(13 137 842)	(11 473 274)
	Sewerage and Sanitation	(11 665 701)	(10 139 338)
	Total	253 477 071	239 094 323
	Rebates can be defined as any income that the Municipality is entitled to levy, but in terms of Council's own policy opted not to collect it.		
31	RENTAL OF FACILITIES AND EQUIPMENT		
	Buildings and Commonage	2 013 447	1 784 163
	Halls and Sportfields	46 938	151 120
	Total	2 060 385	1 935 283

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32	AGENCY SERVICES		
	Drivers Licences	1 348 913	1 060 196
	Duplicate Registration	102 729	69 432
	Instructor Certificate	165	-
	Learners	170 823	131 329
	Roadworthy Applications	245 074	241 885
	Roadworthy Certificates	48 325	46 659
	Special Permits	26 256	26 544
	Temporary Permits	39 072	30 492
	Vehicle Licences	3 738 115	2 991 789
	Vehicle Registration	1 564 442	1 146 924
	Total	7 283 913	5 745 249
	<p>The Municipality acts as an agent for the Department of Transport and Public Works and manages the issuing of vehicle licences for a commission. Refer to note 60 for additional disclosure in this regard.</p> <p>The Municipality earns revenue from applications for driver's and learner's licences, issuing of public driver permits, driver's and learner's licences and the issue of roadworthy certificates.</p>		
33	LICENCES AND PERMITS		
	Trading	108 598	35 137
	Total	108 598	35 137
34	OTHER INCOME (EXCHANGE)		
	Building Plan Approval	1 217 993	1 492 309
	Building Plans Clause Levy	106 063	117 811
	Cemetery and Burial	779 536	603 808
	Clearance Certificates	279 985	190 007
	Collection Charges	1 028 849	209 892
	Development Charges	826 505	444 361
	Escort Fees	2 562	34 675
	Photocopies and Faxes	43 061	58 280
	Sub-division and Consolidation Fees	269 726	405 137
	Sundry Income	342 344	168 507
	Tender Documents	357 394	122 608
	Total	5 254 020	3 847 395
	As previously reported		7 214 348
	Reclassification - note 49.1		(3 366 953)
	Restated balance		3 847 395
35	CONSTRUCTION CONTRACTS		
	Construction of Housing Top Structures	1 555 677	9 631 947
	Total	1 555 677	9 631 947
	<p>The Municipality has assessed that it acts as the Developer for the Department of Human Settlements for the construction of top structures.</p>		

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35 CONSTRUCTION CONTRACTS (CONTINUED)

As the contracts with the Department of Human Settlements are non-commercial contracts with no profit margins, the revenue recognised is based on the amount of expenditure incurred by the Municipality for the construction of the top structures, which is in terms of the stage of completion determined by the progress payments claimed by the respective sub-contractors.

Reconciliation for the year

Opening balance	882 222	2 968 546
Payments / Advances received	673 455	7 545 623
Expenditure incurred / Revenue Recognised	(1 555 677)	(9 631 947)
Gross amount due to Department of Human Settlements	-	882 222

36 EMPLOYEE RELATED COSTS

Basic Salaries and Wages	139 939 992	130 388 537
Pension and UIF Contributions	25 107 649	23 720 321
Medical Aid Contributions	8 338 064	7 634 259
Overtime	8 087 326	8 275 778
Motor Vehicle Allowances	8 782 696	8 710 109
Cell Phone Allowances	724 961	606 576
Housing Allowances	1 833 628	1 646 825
Other benefits and allowances	8 090 811	7 135 454
Acting Allowances	1 308 457	1 096 492
Bargaining Council	80 240	74 951
Entertainment Allowances	-	1 000
Group Life Insurance	1 485 603	1 440 878
Standby Allowances	5 216 511	4 522 133
Contributions to Employee Benefits	15 699 730	18 526 213
Bonuses	11 214 993	11 061 461
Staff Leave	1 712 737	4 372 110
Long Service Awards	981 000	973 072
Post Retirement Medical Benefits	1 791 000	2 119 570
Workmen's Compensation	1 028 046	910 804
Total	217 632 903	207 554 874

Remuneration of Management Personnel

The previous Municipal Manager resigned on 31 March 2020, and the new Municipal Manager was appointed on 8 April 2021. The Municipal Manager's contract expires one year after the next Local Government Elections, The Director Operational Services contract expired on 31 August 2019. The Director Financial Services is appointed on a 10-year fixed contract. There are no post-employment or termination benefits payable to them at the end of the contract period.

Municipal Manager - DP Lubbe (Appointed 8 April 2021)

Annual Remuneration	248 417	-
Travelling Allowance	82 806	-
Contributions to UIF, Medical and Pension Funds	-	-
Performance Bonus	-	-
Total	331 223	-

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

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36 EMPLOYEE RELATED COSTS (CONTINUED)

Municipal Manager - GF Matthyse (resigned March 2020)

Annual Remuneration	-	1 422 852
Travelling Allowance	-	54 000
Contributions to UIF, Medical and Pension Funds	-	-
Performance Bonus	-	196 395
Total	-	1 673 247

Director: Financial Services - D Louw

Annual Remuneration	862 047	867 399
Travelling Allowance	108 000	108 000
Contributions to UIF, Medical and Pension Funds	208 755	203 402
Performance Bonus	165 032	160 537
Total	1 343 834	1 339 338

Director: Operational Services - J Barnard (contract expired August 2019)

Annual Remuneration	-	349 635
Travelling Allowance	-	10 405
Contributions to UIF, Medical and Pension Funds	-	36 735
Performance Bonus	-	189 474
Total	-	586 249

Employees acting in management positions

The following employees acted in management positions for a significant time during the course of the year. The amounts as indicated below are the acting allowances and additional benefits received for the period in which they acted in the respective positions.

Employee	Acting Position	Duration		
J Amansure	Municipal Manager	14 days	13 453	-
D Louw	Municipal Manager	194 days (2020 - 80 days)	205 142	84 220
A Riddles	Director: Finance Services	181 days (2020 - 63 days)	24 161	8 003
Total			242 756	92 223

37 REMUNERATION OF COUNCILLORS

Executive Mayor	931 874	932 268
Deputy Executive Mayor	754 326	757 812
Speaker	754 319	754 668
Mayoral Committee Members	3 526 814	3 567 568
Other Councillors	6 180 387	6 181 360
Total	12 147 720	12 193 676

In-kind Benefits

The Executive Mayor, Deputy Executive Mayor, Speaker and five Mayoral Committee members serve in a full-time capacity. They are provided with secretarial support and an office each at the cost of the Council.

Councillors may utilize municipal transportation when engaged in official duties.

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<i>Figures in Rand</i>		2021	2020
38	DEBT IMPAIRMENT		
	Receivables from Exchange Transactions	46 425 221	42 030 519
	Receivables from Non-Exchange Transactions	16 935 751	28 226 527
	Long-term Receivables	1 518 821	1 849 898
	Total Debt Impairment	64 879 793	72 106 944
	Movement in VAT included in debt impairment	(2 062 720)	(3 059 594)
	Total	62 817 073	69 047 350
	As previously reported		69 438 813
	Correction error restatement - note 48.1		(391 463)
	Restated balance		69 047 350
39	DEPRECIATION AND AMORTISATION		
	Property, Plant and Equipment	22 165 350	22 275 792
	Investment Property	113 222	71 121
	Intangible Assets	129 240	129 644
	Total	22 407 813	22 476 557
	As previously reported		22 227 972
	Correction of error restatement - note 48.3		22 621
	Correction of error restatement - note 48.5		225 964
	Restated balance		22 476 557
40	IMPAIRMENT		
	Investment Property	2 868 308	-
	Capitalised Restoration Cost	6 310 595	-
	Total	9 178 903	-
	Impairment on Investment Property relates to buildings which were vandalised.		
	Impairment on Capitalised Restoration Cost relates to an increase in the landfill site rehabilitation provision of which the corresponding asset is no longer in use. In terms of iGRAP 2, the increase in the provision will result in an increase in the corresponding asset, but as the asset is no longer in use, the said increase in the asset is impaired in full.		
41	ACTUARIAL LOSSES		
	Post Retirement Medical Benefits	3 681 140	-
	Total	3 681 140	-
	The actuarial loss mainly originated as a result of a decrease in the net discount rate being used by the actuaries to calculate the Post Retirements Medical Benefits.		

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

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	2021	2020
42 FINANCE CHARGES		
Cash	9 826 576	8 999 864
Long-term Liabilities	9 826 576	8 999 864
Non-cash	11 419 019	11 002 007
Post Retirement Medical Benefits	3 606 000	3 597 520
Long Service Awards	776 000	775 615
Rehabilitation of Landfill Sites	7 037 019	6 628 872
Total	21 245 594	20 001 871
As previously reported		19 943 234
Correction of error restatement - note 48.5		58 637
Restated balance		20 001 871
43 BULK PURCHASES		
Electricity	75 568 546	69 359 356
Water	18 187 819	17 256 166
Total	93 756 366	86 615 521
Bulk Purchases are the cost of commodities not generated by the Municipality, which the Municipality distributes in the municipal area for re-sale to consumers. Electricity is purchased from Eskom and water is purchased from a variety of suppliers including Department of Water and Sanitation, Overberg Water and a number of private suppliers.		
44 CONTRACTED SERVICES		
Alien Vegetation Control	582 933	195 347
Business and Financial Management	5 478 116	4 009 979
Clearing and Grass Cutting Services	260 378	147 513
Construction of Housing Top Structures	1 555 677	9 631 947
Copier Costs	192 608	292 634
Drivers Licence Cards	321 480	366 921
Electrical Contractors	1 258 609	1 271 890
Engineering - Civil	253 994	1 324 584
Fire Services	2 121 296	2 323 695
Legal Advice	1 881 608	698 812
Maintenance Services	16 577 299	12 871 937
Management of Informal Settlements	862 500	999 700
Refuse Haulage	2 333 858	3 020 881
Research and Advisory	572 986	278 661
Personnel and Labour	5 339 447	3 981 526
Security Services	489 585	675 045
Traffic Fines Management	162 908	1 075 326
Translators, Scribes and Editors	58 651	172 068
Valuation Services	49 906	282 579
Water Tests	465 805	731 287
Other Contracted Services	2 237 779	1 814 551
Total	43 057 421	46 166 880
As previously reported		35 846 342
Reclassification - note 49.3		10 320 538
Restated balance		46 166 880
Other Contracted Services consist out of a variety of services, including but not limited to animal care, catering services, human resources and audit committee.		

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	2021	2020
45 TRANSFERS AND GRANTS		
Indigent Subsidies - Electricity	3 223 774	3 276 387
Sport Councils	-	49 000
Mayoral Charity Fund	-	920 000
Local Economic Development	-	25 000
Total	3 223 774	4 270 387
46 OTHER EXPENDITURE		
Advertising, Publicity and Marketing	441 848	509 659
Audit Fees	3 990 968	4 172 072
Bank Charges	733 551	502 652
Commission Paid (Electricity)	1 984 651	1 766 243
Electricity - Eskom	10 053 115	8 290 931
Computer Services and Licences	7 196 237	5 863 342
Dumping fees (Karwyderskraal)	1 834 816	1 981 048
Fuel Cost	5 065 420	4 530 735
Full Time Union Representative	186 716	211 467
Hire Charges	2 505 583	2 143 263
Insurance	2 632 202	1 690 666
Maintenance Materials	8 284 140	6 482 362
Material and protective clothing	1 806 776	1 274 304
Membership fees	2 326 299	2 171 163
Postage	168 711	199 704
Printing and stationery	738 988	624 038
Refuse bags	591 648	592 255
Skills development levy	1 522 136	1 399 729
Telephone	747 234	788 926
Training	383 082	400 049
Travel and subsistence	276 055	402 075
Ward Committees	60 950	102 050
Water Purification	1 896 804	1 910 397
Sundries and Other Consumables	4 127 459	3 035 964
Total	59 555 390	51 045 093
As previously reported		61 365 631
Reclassification - note 49.3		(10 320 538)
Restated balance		51 045 093
47 LOSS ON DISPOSAL OF NON-MONETARY ASSETS		
Proceeds	816 669	313 052
Less: Carrying value of Investment Property disposed	(129 333)	(91 514)
Less: Carrying value of Property, Plant and Equipment disposed	(1 684 269)	(1 242 303)
Total	(996 933)	(1 020 765)

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48	PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR		
48.1	Receivables from Non-Exchange Transactions		
<p>It was noted that property rates were incorrectly levied on properties in the Genadendal area amounting to R4 341 203. An allowance for doubtful debts was also raised in the prior years amounting to R4 289 899 on the said debtors, resulting in a net effect of R51 304 of which property rate debtors were overstated.</p> <p>The net effect of the above-mentioned errors were as follow:</p>			
- Receivables from Non-Exchange Transactions - note 3		Overstated	(51 304)
- Property Rates - note 23		Overstated	(409 176)
- Debt Impairment - note 38		Overstated	(391 463)
- Accumulated Surplus - note 48.6		Overstated	(33 592)
48.2	Taxes		
<p>During the current year the Municipality undertook a VAT recovery exercise. The said exercised revealed that Input VAT amounting to R1 352 608 was not claimed for on valid VAT invoices for financial periods ranging from 2016/17 to 2018/19.</p> <p>The net effect of the above-mentioned errors were as follow:</p>			
- Taxes - note 5		Understated	1 352 609
- Accumulated Surplus - note 48.6		Understated	1 352 609
48.3	Property, Plant and Equipment		
<p>It was noted during the physical verifications of assets that movable assets with a carrying value amounting to R434 780 were not recorded on the asset register.</p> <p>The net effect of the above-mentioned errors were as follow:</p>			
- Property, Plant and Equipment - note 10		Understated	434 780
- Depreciation and Amortisation - note 39		Understated	22 621
- Accumulated Surplus - note 48.6		Understated	457 401
48.4	Unspent Conditional Government Grants		
<p>The prior year grant income pertaining to the Capacity Building grant was overstated, due to a reversal of a grant expenditure, of which the grant income was never reversed.</p> <p>The net effect of the above-mentioned errors were as follow:</p>			
- Unspent Conditional Government Grants - note 17		Understated	50 000
- Government Grants and Subsidies - Capital - note 24		Overstated	(50 000)

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48 PRIOR PERIOD ADJUSTMENTS - CORRECTION OF ERROR (CONTINUED)

48.5 Non-Current Provisions

The provision for rehabilitation of landfill-sites did not include post closure monitoring cost. Both the Caledon and Villiersdorp landfill sites are subject to post close water monitoring cost, of which the provision was calculated at R694 235.

The net effect of the above-mentioned errors were as follow:

- Property, Plant and Equipment - note 10	Understated	-
- Non-Current Provisions - note 21	Understated	694 235
- Other Income (Non-Exchange) - note 29	Overstated	(53 441)
- Depreciation and Amortisation - note 39	Understated	225 964
- Finance Charges - note 42	Understated	58 637
- Accumulated Surplus - note 48.6	Overstated	(356 193)

48.6 Accumulated Surplus

The net effect of the above-mentioned errors were as follow on Accumulated Surplus:

- Receivables from Non-Exchange Transactions - note 48.1	(33 592)
- Taxes - note 48.2	1 352 609
- Property, Plant and Equipment - note 48.3	457 401
- Non-Current Provisions - note 48.5	(356 193)
Total	<u>1 420 225</u>

49 PRIOR PERIOD ADJUSTMENTS - RECLASSIFICATIONS

49.1 Landfill Sites - iGRAP 2 adjustments

This items was previously disclosed under Other Income (Exchange). However, this item is considered to be of a non-exchange nature and accordingly it was considered more appropriate to disclose this item as a non-exchange transaction.

The above mentioned reclassification effected the following line items:

- Other Income (Non-Exchange)	3 366 953
- Other Income (Exchange)	(3 366 953)

49.2 Insurance Refund

This items was previously disclosed as a separate line item in the Statement of Financial Performance. As this item is not material in nature, it was considered more appropriate to disclose this item as part of Other Income (Non-Exchange).

The above mentioned reclassification effected the following line items:

- Other Income (Non-Exchange)	315 380
- Insurance Refunds (Removed from the face of the Statement of Financial Performance)	(315 380)

49.3 Construction of Housing Top Structures and Management Fees

Construction of Housing Top Structures and Management Fees was previously disclosed as Other Expenditure. After an evaluation of the nature of the expenses associated with the item, it was considered more appropriate to disclose this items as part of Contracted Services.

The above mentioned reclassification effected the following line items:

- Contracted Services	10 320 538
- Other Expenditure	(10 320 538)

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50 NET CASH FROM OPERATING ACTIVITIES		
Net Surplus for the year	50 185 204	80 316 334
Adjusted for:		
Non-cash revenue included in Net Surplus	(156 259)	(18 052 055)
Actuarial Gains	(76 027)	(8 017 428)
Contributed Assets	(15 198)	(6 703 322)
Rental of Facilities and Equipment - decrease in operating lease asset	(65 034)	(17 793)
Change in Provisions for Restoration of Landfill Site	-	(3 313 512)
Non-cash expenditure included in Net Surplus	126 883 416	122 628 835
Employee Related Costs - Contributions towards	16 382 536	19 082 156
Post Retirement Medical Benefits	1 791 000	2 119 570
Long Service Awards	981 000	973 072
Bonuses	11 236 970	10 582 774
Staff Leave	1 712 737	4 372 110
Performance Bonuses	(21 978)	478 687
Group Insurance	7 495	(59 275)
Overtime	675 311	615 218
Debt Impairment	62 817 073	69 047 350
Depreciation and Amortisation	22 407 813	22 476 557
Impairment	9 178 903	-
Actuarial Losses	3 681 140	-
Finance Charges	11 419 019	11 002 007
Post Retirement Medical Benefits	3 606 000	3 597 520
Long Service Awards	776 000	775 615
Provision for Rehabilitation of Landfill-sites	7 037 019	6 628 872
Loss on disposal of Non-Monetary Assets	996 933	1 020 765
Cash expenditure not included in Net Surplus	(15 352 396)	(14 363 098)
Post Retirement Medical Benefits	(1 711 124)	(1 566 767)
Long Service Awards	(870 973)	(767 145)
Bonuses	(10 870 639)	(9 999 722)
Staff Leave	(1 119 410)	(760 517)
Performance Bonuses	(165 032)	(546 406)
Pension	-	(10 469)
Overtime	(615 218)	(712 072)
Operating Surplus before changes in working capital	161 559 965	170 530 016
Movement in working capital	(63 503 197)	(85 320 739)
Long-term Receivables	(4 340 275)	(4 220 108)
Receivables from Exchange Transactions	(42 865 612)	(45 169 805)
Receivables from Non-Exchange Transactions	(15 198 353)	(29 411 581)
Taxes	2 474 176	1 303 326
Inventory	(3 730 416)	(684 653)
Payables from exchange transactions	(3 579 350)	18 064 748
Unspent Conditional Government Grants	3 943 230	(25 478 910)
Unspent Public Contributions	(206 597)	276 244
Cash Flow from Operating Activities	98 056 768	85 209 278

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51 CASH AND CASH EQUIVALENTS

Cash and Cash Equivalents comprise out of the following:

Primary Bank Account	116 550 486	93 110 932
Call and Notice Deposits	47 529 807	46 067 542
Cash Floats	9 699	10 150
Total	164 089 992	139 188 624

Refer to note 2 for more details relating to cash and cash equivalents.

52 BUDGET COMPARISONS

52.1 Comparable Basis

Differences were identified between the disclosure requirements in terms of GRAP and the reporting requirements in terms of National Treasury budget formats. The following items are affected by these classification differences:

Statement of Financial Position

Consumer Debtors consist out of both Receivables from Exchange Transactions as well as the Rates Receivable.

Other Receivables incorporate all other current receivable balances not specifically provided for in the National Treasury formats.

Trade and Other Payables incorporates Payable from exchange transactions, Unspent grants, Unspent public contributions, Taxes and Operating lease liabilities.

Employee Benefits and Provisions (Current and Non-Current) are included under the provisions line item in the budget statements.

Statement of Financial Performance

The statement of financial performance is comparable on a line by line basis except for the following items:

The budget statements does not provide for all the different revenue classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Revenue in the budget statement.

Depreciation and Amortisation and Impairments are aggregated on the budget statements while it is shown separately on the Statement of Financial Performance.

The budget statements does not provide for all the different expenditure classifications per statement of financial performance. For this reason, all line items not specifically catered for is incorporated under the line item Other Expenditure in the budget statement.

Other Materials is required to be separately budgeted. However this line item is not GRAP compliant as it does not disclose the nature of the expenditure. Accordingly Other Materials should be read in conjunction with Other Expenditure.

Cash Flow Statement

The Cash Flow Statement is presented on a comparable basis.

52.2 Statement of Financial Position

Adjustments to Original Budget

Items in the State of Financial Position were adjusted to take into account adjustments made to the operating and capital budget and also to align balances with the actual audit outcomes of 2019/20.

Accumulated Surplus was adjusted to take into account budget adjustments made to the Statement of Financial Performance.

Actual Amounts vs Final Budget

Cash and Call Investment Deposits	Actuals were more than budget due to underspending of operating and capital budget.
Consumer debtors	Actuals were less than budget due to higher collection rate of debtors than anticipated

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BUDGET COMPARISONS (CONTINUED)

Property, plant and equipment	Actuals were less than budget due to underspending of capital budget.
Trade and other payables	Actuals were less than budget due to underspending of capital and operating budget resulting in less outstanding creditors at year-end.
Borrowing	Actuals were less than budget as not all loans were taken up at year-end.
Provisions and Employee Benefits	Actuals were more than budget due to significant increase in provision for the rehabilitation of landfill sites which could not be budgeted for.
Accumulated Surplus	Accumulated Surplus was more than budget as a result of variances as noted under the budget comparison of the Statement of Financial Performance.

52.3 Statement of Financial Performance

Adjustments to Original Budget

Interest Earned - Outstanding Debtors	Decreased due to Council which took a decision not to levy any interest for a portion of the year due to the national state of disaster.
Fines, Penalties and Forfeits	Decreased as contract with current service provider ended, resulting that no speeding fines were issued by the service provider for the year under review.
Transfers Recognised - Operational	Increased due to an increase in the Equitable Share (R15 million) which is to be utilised for the loss of income as a result of the implementation of national lockdown levels. Additional increase due to reallocation of Housing grants from capital to operating (R9 million).
Debt Impairment	Decreased as a result in the decrease traffic fine revenue as indicated above.
Other material	Housing topstructure expenditure was reallocated from Other Materials to Transfers and Grants.
Contracted Services	Increased due to additional allocations to project as a result of additional Equitable Share funding received.
Transfers and Grants	Increased due to increased Housing grant and reallocation of expenditure from Other Material as indicated above.

Actual Amounts vs Final Budget

Transfers Recognised - Operational	Actual is less than budget due to the treatment of the funding from the Department of Human Settlements for the PHP project. For budget purposes, revenue is budgeted as part of "Transfers recognised - Operational", but for GRAP purposes it is treated as an agent function and accordingly no revenue or expenditure is reflected in the Statement of Financial Performance.
Employee Related Costs	Actuals less than budget as municipal manager's post only filled for three months during the year, and two directors posts not filled at all during the year.
Debt Impairment	Actuals were more than budget, due to more traffic fines issued than anticipated, and therefore more impairment was calculated on the unpaid traffic fines.

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BUDGET COMPARISONS (CONTINUED)

Depreciation and Asset Impairment	Impairment amounting to R9 million was not budgeted for. The largest component of the impairment relate to the landfill sites.
Other Material and Other Expenditure	Actuals less than budget due to the COVID-19 pandemic and the implementation of national lockdown levels, not all projects were concluded at year-end.
Contracted Services	Actuals less than budget due to the COVID-19 pandemic and the implementation of national lockdown levels, not all projects were concluded at year-end.
Transfers and Grants	Actuals less than budget due to treatment of expenditure pertaining to the PHP project as indicated above under "Transfers Recognised - Operational".
Transfers Recognised - Capital	Actuals less than budget due to underspending of capital grant funded projects, including the MIG and WSIG grant. In addition not all funding for Housing grant received.

52.4 Cash Flow Statement

Adjustments to Original Budget

Service charges	Decreased due to general decrease in service charges revenue as a result of the effect the national lockdown levels had on the economic environment.
Government Grants	Increased due to increase in Equitable Share as indicated above.
Interest	Decreased due to declining interest rates and decision by Council not to levy interest on outstanding balances as indicated above.

Actual Amounts vs Final Budget

Property rates, penalties & collection charges	Actuals more than budget due to higher debtor collection rate than anticipated.
Service charges	Actuals more than budget due to higher debtor collection rate than anticipated.
Government Grants	Actuals less than budget due to the treatment of the funding pertaining to the PHP project as indicated above under "Transfers Recognised - Operational". In addition, the full Housing grant allocation was not received.
Interest	Actuals less than budget as interest collected from debtors are included under Service Charges, while being budgeted for under Interest.
Suppliers and Employees	Actuals less than budget due to underspending of operating budget as well as treatment of the funding pertaining to the PHP project as indicated above under "Transfers Recognised - Operational".
Capital Assets	Actuals less than budget due to underspending of capital budget.
Borrowing long term/refinancing	Actuals less than budget as not all loans were taken up at year-end.

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53 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE

53.1 Unauthorised Expenditure

Unauthorised expenditure can be reconciled as follow:

Opening balance	-	-
Unauthorised expenditure current year - operating	-	-
Unauthorised expenditure current year - capital	-	-
Approved by Council	-	-
Unauthorised expenditure awaiting further action	-	-

Unauthorised expenditure only relates to expenditure in excess of approved budget votes. No disciplinary steps or criminal proceedings were instituted as a result of unauthorised expenditure incurred. Refer below for votes of which the expenditure was in excess of the approved budget:

	2021 (Actual) R	2021 (Final Budget) R	2021 (Unauthorised) R	2020 (Unauthorised) R
Unauthorised expenditure - Operating				
Vote 1 - Directorate Finance	62 155 203	63 995 258	-	-
Vote 4 - Electricity	95 215 109	95 227 189	-	-
Vote 6 - Office of the Municipal Manager	6 290 991	8 390 702	-	-
Vote 8 - Directorate Technical Services and Planning	31 201 579	60 510 497	-	-
Vote 12 - Waste management	56 586 142	56 593 061	-	-
Vote 13 - Waste water management	46 157 462	46 875 851	-	-
Vote 14 - Water	61 155 270	62 423 147	-	-
Vote 15 - Directorate Development and Community Servi	190 939 273	202 097 179	-	-
Total	549 701 029	596 112 884	-	-
Unauthorised expenditure - Capital				
Vote 1 - Directorate Finance	173 748	173 869	-	-
Vote 4 - Electricity	12 306 716	13 700 104	-	-
Vote 6 - Office of the Municipal Manager	-	-	-	-
Vote 8 - Directorate Technical Services and Planning	5 698 140	21 106 812	-	-
Vote 12 - Waste management	12 660 485	17 159 440	-	-
Vote 13 - Waste water management	26 306 673	36 235 170	-	-
Vote 14 - Water	9 114 351	17 271 180	-	-
Vote 15 - Directorate Development and Community Servi	19 354 511	29 261 525	-	-
Total	85 614 625	134 908 100	-	-

53.2 Fruitless and Wasteful Expenditure

Fruitless and wasteful expenditure can be reconciled as follow:

Opening balance	13 800	-
Fruitless and wasteful expenditure incurred - current year	1 850	83 350
Fruitless and wasteful expenditure incurred - prior year	-	-
Approved by Council	(13 800)	(69 550)
Fruitless and wasteful expenditure awaiting further action	1 850	13 800

Details of fruitless and wasteful expenditure incurred:

(a) Interest on late payments	-	69 550
(b) Services not rendered due to cancellation of meeting	-	13 800
(c) DNA tests performed due to poor recordkeeping	1 850	-
Total	1 850	83 350

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53 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

Details of fruitless and wasteful expenditure awaiting further action:

(a) Interest on late payments	-	-
(b) Services not rendered due to cancellation of meeting	-	13 800
(c) DNA tests performed due to poor recordkeeping	1 850	
	1 850	13 800

53.3 Irregular Expenditure

Irregular expenditure can be reconciled as follow:

Opening balance	79 262 705	100 390 730
Opening balance correction - prior year error	54 763	33 033
Irregular expenditure incurred in the current year	3 333 158	939 415
Approved by Council	(81 049 845)	(22 100 473)
Irregular expenditure awaiting further action	1 600 781	79 262 705

Details of irregular expenditure incurred

(a) Non-compliance with Preferential Procurement Regulations 2017	77 122	-
(b) Deviations not considered to be impractical or exceptional circumstances	119 146	868 795
(c) No documents supporting the regulation 32 awards that any portion of contracts equals a portion of the original contract that was forfeited by the other organ of state.	-	70 620
(d) The appointed supplier for broadband component and telephone system could not supply full services and the services of the previous supplier was used on a month-to-month basis.	1 978 535	-
(e) A tender process was followed for the appointment of services for the collection, transportation and depositing of cash, but due to non-eligibility a service provider could not be appointed. The previous supplier as used on a month-to-month basis.	197 887	-
(f) Services rendered without a contract, order or quotation.	960 468	-
Total	3 333 158	939 415

Details of irregular expenditure awaiting further action:

(a) Non-compliance with Preferential Procurement Regulations 2017	77 122	-
(b) Deviations not considered to be impractical or exceptional circumstances	16 100	1 198 005
(c) No documents supporting the regulation 32 awards that any portion of contracts equals a portion of the original contract that was forfeited by the other organ of state.	-	77 787 775
(d) The appointed supplier for broadband component and telephone system could not supply full services and the services of the previous supplier was used on a month-to-month basis.	1 114 067	-
(e) A tender process was followed for the appointment of services for the collection, transportation and depositing of cash, but due to non-eligibility a service provider could not be appointed. The previous supplier as used on a month-to-month basis.	99 360	258 921
(f) Services rendered without a contract, order or quotation.	294 131	-
(g) Transacted with supplier in service of the state	-	18 004
Total	1 600 781	79 262 705

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53 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE (CONTINUED)

Incidents/cases identified in the current year include:

(a) Non-compliance with Preferential Procurement Regulations 2017	1	-
(b) Deviations not considered to be impractical or exceptional circumstances	2	21
(c) No documents supporting the regulation 32 awards that any portion of contracts equals a portion of the original contract that was forfeited by the other organ of state.	-	1
(d) The appointed supplier for broadband component and telephone system could not supply full services and the services of the previous supplier was used on a month-to-month basis.	2	-
(e) A tender process was followed for the appointment of services for the collection, transportation and depositing of cash, but due to non-eligibility a service provider could not be appointed. The previous supplier as used on a month-to-month basis.	4	-
(f) Services rendered without a contract, order or quotation.	17	-

No irregular expenditure incurred has been recovered.

No disciplinary steps or criminal proceedings were instituted as a result of irregular expenditure incurred.

54 MATERIAL LOSSES

54.1 Water distribution losses

Kilo litres disinfected/purified/purchased	5 020 639	4 721 044
Kilo litres sold and free basic services	3 090 952	3 093 205
Kilo litres lost during distribution	1 929 687	1 627 839
Percentage lost during distribution	38.44%	34.48%

Normal pipe bursts and field leakages are responsible for water losses.

54.2 Electricity distribution losses

Units purchased (Kwh)	62 386 291	62 369 833
Units sold, free basic services and standard friction losses	57 846 862	57 957 343
Units lost during distribution (Kwh)	4 539 429	4 412 490
Percentage lost during distribution	7.28%	7.07%

55 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT

55.1 SALGA Contributions [MFMA 125 (1)(b)]

Opening balance	(2 316 799)	(2 161 943)
Expenditure incurred	2 316 799	2 161 943
Payments	(2 370 736)	(2 316 799)
Payments in advance	(2 370 736)	(2 316 799)

55.2 Audit Fees [MFMA 125 (1)(c)]

Opening balance	-	-
Expenditure incurred	3 990 968	3 973 257
External Audit - Auditor-General	3 990 968	3 973 257
Payments	(3 990 968)	(3 973 257)
Outstanding Balance	-	-

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55 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT (CONTINUED)

55.3 VAT [MFMA 125 (1)(c)]

Opening balance	2 910 505	2 218 057
Net amount claimed/(declared) during the year	3 369 642	(1 335 650)
Net amount paid/(received) during the year	(3 842 736)	2 028 099
Outstanding Balance Receivable/(Payable)	2 437 411	2 910 505

VAT is payable/receivable on the cash basis. VAT is only paid over to SARS once cash is received from debtors and only claimed from SARS once payment is made to creditors. All VAT returns have been submitted by the due date throughout the year.

55.4 PAYE, SDL and UIF [MFMA 125 (1)(c)]

Opening balance	-	-
Payroll deductions and Council Contributions during the year	32 650 694	30 683 203
Payments	(32 650 694)	(30 683 203)
Outstanding Balance	-	-

55.5 Pension and Medical Aid Contributions [MFMA 125 (1)(c)]

Opening balance	-	-
Payroll deductions and Council Contributions during the year	53 970 159	50 173 540
Payments made to pension and medical fund	(53 970 159)	(50 173 540)
Outstanding Balance	-	-

55.6 Councillors Arrear Accounts [MFMA 124 (1)(b)]

No Councillors had arrear accounts outstanding for more than 90 days during the year.

55.7 Deviations from Supply Chain Management Regulations

Deviations from Supply Chain Management Regulations were identified on the following categories:

Section 36(1)(a)(i) - Emergencies	3 481 981	4 014 145
Section 36(1)(a)(ii) - Single provider	316 473	270 796
Section 36(1)(a)(iii) - Specialised services	-	-
Section 36(1)(a)(iv) - Acquisition of animals for zoo's	-	-
Section 36(1)(a)(v) - Impractical to follow official procurement process	9 024 613	14 548 171
Total	12 823 067	18 833 112

Deviations from Supply Chain Management Regulations can be allocated as follow:

MM Office	-	359 620
Financial Services	1 062 836	654 618
Development Services and Community Services	10 360 341	13 424 742
Technical Services and Planning	1 399 890	4 394 132
Total	12 823 067	18 833 112

Deviations from Supply Chain Management Regulations were identified on the quotation/tender categories:

Less than R30 000	3 000 679	3 613 016
Between R30 001 and R200 000	6 442 664	6 143 556
Between R200 001 and R2 000 000	3 379 724	5 989 559
More than R2 000 001	-	3 086 981
Total	12 823 067	18 833 112

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56 CAPITAL COMMITMENTS

Approved and contracted for

67 389 594

41 299 286

Infrastructure

63 608 724

40 268 279

Transport assets

3 780 870

1 031 007

This expenditure will be financed from:

External Loans

47 290 310

13 151 887

Government Grants

18 263 662

24 963 312

Own Resources

1 835 622

3 184 086

Total

67 389 594

41 299 286

Capital Commitments are disclosed exclusive of Value Added Tax (VAT).

57 FINANCIAL RISK MANAGEMENT

The Municipality is potentially exposed to the following risks:

57.1 Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The following financial assets are exposed to credit risk:

Cash and Cash Equivalents

164 080 293

139 178 474

Receivables from exchange transactions

33 833 736

36 998 401

Long-term Receivables

5 193 166

2 371 711

Non-current Investments

11 888 169

10 905 675

Total

214 995 364

189 454 261

Cash and Cash Equivalents

Deposits of the Municipality is only held at reputable banks that are listed on the JSE. The credit quality is regularly monitored through required SENS releases by the various banks. The risk pertaining to these deposits are considered to be very low.

There are no restrictions on the cash deposits held and no cash were pledged as security. No collateral is held for any cash and cash equivalents.

Receivables from Exchange Transactions

Receivables comprise of a large number of users, dispersed across different sectors and geographical areas. On-going credit evaluations are performed on the financial condition of these receivables. Credit risk pertaining to receivables are considered to be moderate due the diversified nature of receivables and immaterial nature of individual balances. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Receivables are disclosed after taking into account the provision for impairment raised against each class of receivable.

Receivables are payable within 30 days. All receivables outstanding for more than 30 days are considered to be past due.

Refer to note 3 for more information regarding the provision for impairment raised against each service type as well as receivables considered to be past due.

Also refer to note 7 for more information regarding balances renegotiated beyond the original 30 days payment period initially granted.

No collateral is held from any consumers (other than consumer deposits).

Refer to note 14.2 for receivables pledged as security for Long-term Liabilities.

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57 FINANCIAL RISK MANAGEMENT (CONTINUED)

The following service receivables are past due, but not impaired:

Electricity	1 114 609	2 180 831
Water	2 241 948	3 774 201
Refuse	1 508 446	2 714 231
Sewerage	1 338 574	1 942 935
Interest	779 410	672 086
Other	247 736	168 142
Total	7 230 722	11 452 426

Past due receivables are aged as follow:

1 to 3 months overdue	4 186 744	7 425 553
4 months to 1 year overdue	1 758 530	2 749 771
1 year overdue	1 285 448	1 277 102
Total	7 230 722	11 452 426

57.2 Currency risk (Market Risk)

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The financial instruments of the Municipality is not directly exposed to any currency risk.

57.3 Interest rate risk (Market Risk)

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The following balances are exposed to interest rate fluctuations:

Cash and Cash Equivalents (excluding cash on hand)	164 080 293	139 178 474
Long-term Liabilities (including current portion)	-	-
Net balance exposed	164 080 293	139 178 474

Potential effect of changes in interest rates on surplus and deficit for the year:

0.5% (2020 - 0.5%) increase in interest rates	820 401	695 892
0.5% (2020 - 0.5%) decrease in interest rates	(820 401)	(695 892)

A slowdown in Local and International economic activity (due to the COVID-19 pandemic) have prompted the Reserve Bank to cut interest rates during the financial year to support the economy. Management does not foresee significant interest rate movements the next 12 months.

57.4 Liquidity risk

Liquidity risk is the risk encountered by the Municipality in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

Liquidity risk is mitigated by approving cash funded budgets at all times to ensure commitments can be settled once due over the long term. The Municipality also monitors its cash balances on a daily basis to ensure cash resources are available to settle short term obligations.

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57 FINANCIAL RISK MANAGEMENT (CONTINUED)

The following balances are exposed to liquidity risk:

	Within 1 Year	Between 2 to 5 years	After 5 years	Total
30 JUNE 2021				
Annuity Loans	17 063 524	60 830 492	36 836 096	114 730 112
Stock Loans	3 053 418	10 572 928	9 256 560	22 882 906
Payables from exchange transactions	62 707 759	-	-	62 707 759
Total	82 824 701	71 403 420	46 092 656	200 320 777
30 JUNE 2020				
Annuity Loans	14 014 706	49 876 956	35 683 954	99 575 616
Stock Loans	1 500 249	12 839 586	10 043 320	24 383 155
Payables from exchange transactions	67 343 552	-	-	67 343 552
Total	82 858 507	62 716 542	45 727 274	191 302 323

57.5 Other price risk (Market Risk)

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

The following balance is exposed to price risk:

Non-current Investments - Listed shares	189 265	181 771
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58 FINANCIAL INSTRUMENTS

The Municipality recognised the following financial instruments at amortised cost:

Financial Assets

Cash and Cash Equivalents	164 080 293	139 178 474
Bank Accounts	116 550 486	93 110 932
Call Investment Deposits	47 529 807	46 067 542
Receivables from Exchange transactions	33 833 736	36 998 401
Electricity	7 990 027	7 877 722
Water	13 222 732	17 079 439
Refuse	3 670 591	4 597 017
Sewerage	7 316 291	5 970 682
Interest	860 511	672 130
Other	412 261	356 933
Accrued Interest	361 323	444 478
Long-term Receivables	5 193 166	2 371 711
Receivables with repayment arrangements	5 193 166	2 371 481
Individual Housing Loans	-	230
Non-current Investments	11 698 904	10 723 904
Fixed Deposits	11 698 904	10 723 904
Total	214 806 099	189 272 490

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58 FINANCIAL INSTRUMENTS (CONTINUED)

Financial Liabilities

Payables from Exchange Transactions	62 707 759	67 343 552
Trade Payables	37 406 091	45 949 057
Retentions	10 721 031	9 087 754
Department of Human Settlements	5 447 325	6 889 951
Sundry Deposits	8 313 579	4 540 743
Accrued Interest	819 732	876 047
Long-Term Liabilities	94 844 483	82 302 573
Annuity Loans	78 821 514	66 279 604
Stock Loans	16 022 969	16 022 969
Total	157 552 242	149 646 125

The Municipality recognised the following financial instruments at fair value:

Financial Assets

Non-current Investments		
Listed shares	189 265	181 771

59 STATUTORY RECEIVABLES

In accordance with the principles of GRAP 108, Statutory Receivables of the Municipality are classified as follows:

Receivables from Non-Exchange Transactions	14 528 959	16 661 012
Property Rates	14 109 460	14 818 755
Unpaid Traffic Fines	419 500	1 842 257
Taxes	6 554 917	6 966 373
Total	21 083 876	23 627 385

The amounts above are disclosed after any provision for impairment has been taken into account.

Property Rates are levied in term of the Municipal Property Rates Act, 2004 (Act 6 of 2004). Refer to note 23 for property rates levied for the year and basis for interest and rate used on outstanding balances.

Traffic Fines are issued in terms of the Criminal Procedure Act, 1977. Refer to note 27 for traffic fines issued for the year. No interest is levied on outstanding traffic fines.

Taxes (Value Added Tax) are raised in terms of the Value Added Tax Act. Refer to note 5 for the respective components included in the balance. No interest is paid by the South African Revenue Service on outstanding VAT claims.

Refer to note 4 for determining the recoverability of property rates and traffic fines.

Property Rates

- Past due at the reporting date, and which have been impaired	28 022 086	22 803 189
- Past due that have not been impaired	5 509 086	5 834 693

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

<i>Figures in Rand</i>	2021	2020
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60 PRINCIPAL-AGENT ARRANGEMENTS

The Municipality has assessed that the following significant principal-agent arrangements exists:

60.1 Department of Transport and Public Works

The Municipality acts as an agent for the Department of Transport and Public Works and manages the issuing of vehicle licences for a commission.

The following transactions were undertaken as part of principal-agent arrangement:

Collections payable to the Department at beginning of year	61 665	199 175
Revenue collected from third parties	34 751 952	27 992 783
Commission earned on collections included in note 32	(5 458 360)	(4 268 018)
VAT on commission earned payable to the South African Revenue Services	(818 754)	(640 203)
Collections paid over to The Department	(27 937 427)	(23 222 072)
	<u>599 075</u>	<u>61 665</u>
Collections payable to the Department at year-end		

60.2 Department of Human Settlements

The Municipality acts as an agent for the Department of Human Settlements for the Peoples Housing Project (PHP) and to facilitate the deed transfers to qualifying beneficiaries.

The following transactions were undertaken as part of principal-agent arrangements:

Balance at beginning of year	6 007 730	13 374 542
Payments received from the Department	18 349 698	2 500 000
Expenditure incurred on behalf of the Department	(18 910 101)	(9 866 812)
	<u>5 447 327</u>	<u>6 007 730</u>
Balance at year-end		

61 EVENTS AFTER REPORTING DATE

The Municipality had no significant events after reporting date.

62 IN-KIND DONATIONS AND ASSISTANCE

Property, Plant and Equipment as per note 26 were donated to the Municipality.

63 PRIVATE PUBLIC PARTNERSHIPS (PPP's)

The Municipality did not enter into any PPP's in the current and prior year.

64 CONTINGENT LIABILITIES

The Municipality were not exposed to any contingent liabilities at year end.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

Figures in Rand

2021

2020

65 IMPACT OF COVID-19 ON FINANCIAL SUSTAINABILITY

Theewaterskloof Municipality is in no way immune to the harsh economic realities as a result of the COVID-19 pandemic. As far possible, the Municipality factored in the effect the lockdown levels had on its economic environment. At this stage, the uncertainty still remains as to how long the pandemic will remain and how long the economy will take to recover from the lockdowns levels.

The Municipality incurred costs amounting to R471 446 (2020 - R2 569 715) in the fight against the COVID-19 pandemic of which R150 000 (2020 - R800 000) was grant funded. The remaining expenditure was funded by the Municipality.

The Municipality assessed the impact of the COVID-19 pandemic by comparing the financial indicators of 2020/21 to 2019/20 as follow:

Cash available for working capital requirement	110 299 596	100 644 918
Current Ratio (norm - at least 2:1)	1.88	1.76
Cash coverage ratio (norm - 3 months or more)	4.07	3.70
Creditors days (norm - 30 days or less)	48	66
Debtors collection rate (95% or more)	87%	84%

The result of the above-mentioned ratio's are favourable and has shown improvement when compared to the prior year. The results are therefore indicative that the economic environment is stabilising from the lockdown levels.

66 RELATED PARTIES

66.1 Related Party Loans

There are no loans outstanding to any related party. Since 1 July 2004 loans to councillors and senior management employees are not permitted.

66.2 Compensation of management personnel

Remuneration of management personnel are disclosed in notes 36 and 37.

66.3 Current Employee Benefits

The Municipality has the following accrued leave obligation towards management personnel at year-end:

Mr DP Lubbe	- Municipal Manager	14 835	-
Mr D Louw	- Director: Financial Services	76 750	86 309
Total		91 585	86 309

66.4 Related Party Transactions

All rates, service charges and other charges in respect of related parties are in accordance with approved tariffs that were advertised to the public. No impairment charge have been recognised in respect of amounts owed by related parties.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

67 TRANSACTIONS IN TERMS OF SECTION 45 OF THE MUNICIPAL SUPPLY CHAIN REGULATIONS

Section 45 of the Municipal Supply Chain Management regulations requires the disclosure of particulars of any award of more than R2 000 to a person who is a spouse, child or parent of a person in the service of the state, or has been in the service of the state in the previous twelve months. The following transactions are disclosed in this regard:

Company	Relationship	Position of person in service of the state	2021	2020
Tano'Vera	Owner Tania Bippert is the domestic partner of Nino Hendrick	TWK Manager IT	-	140 697
Finck Attorneys	Owner Ronald Finck is the spouse Gail Finck	TWK Senior Clerk Clearances	11 186	58 085
Petrol & Diesel Enjin Sentrum	Owner Petrus Pretorius is the parent-in-law of Joanle Pretorius	TWK Chief Clerk	1 162 267	863 689
Marshall Armature Winding (M00017)	Owner Gert Koegelenberg is the spouse of Martie Koegelenberg	TWK Councillor	2 398	1 329
Adenco Construction	Director Victor Machimana is the parent of Helen Machimana; Director Vuyo Machimana is the parent of Busisiwe Skosana and Director Daniel Jackson is the parent of Adele Kassner	Helen Machimana, Department of Welfare Limpopo Social Worker; Busisiwe Skosana, Department of Health Gauteng Nursing Sister and Adele Kassner, Department of Education Teacher	7 681 752	7 434 202
WAM Technology	Director Willem Botes is the spouse of Stella Botes and Maria le Roux is his daughter	Spouse - Department of Education Teacher Daughter - Employee at City of Cape Town (Manager of Coastal Engineering Department)	380 769	876 733
Zutari (Pty) Ltd. (Aurecon SA - Professional Services)	Parent of R Mehlala and Son of G Saaiman	R Mehlala, CFO: Eastern Cape Arts and Culture Council and G Saaiman, Auditor General	4 449 454	3 212 064
Fairbridges Attorneys	Director Waheeda Shreef is the spouse of Mohammed Jawodeen; Director Adela Petersen is the sister of Shaheed Hofmeester and Director Diane-Maree Rauch is the daughter-in-law of Henk Rauch	Mohammed Jawodeen, Non-Executive Director of the Central Energy Fund; Shaheed Hofmeester, a Teacher and Henk Rauch, Programme Manger at Petrosa.	623 517	543 175
Suid-Kaap Waardeerders	Owner Stephanus de Swardt is the spouse of Anna de Swardt	Professional Nurse at the Provincial Adminstration of Western Cape	-	174 401
NCC Environmental Services (Pty) Ltd	Director Linden Rhode is the spouse of Cahndre Rhode	Clerk at the City of Cape Town	2 530	-
S.C. Martin	Owner Stanton Martin is the brother of Annielle Martin	TWK, Senior Administrator	-	1 920
JLA Logistics (Pty) Ltd	Director Janine Cupido is the cousin of Wingreen Pedro	TWK Records Clerk	-	51 561
FCR Abrahams	Owner Frank Abrahams is the spouse of Berdine Abrahams	TWK Debtors Clerk	14 150	119 000

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

67 TRANSACTIONS IN TERMS OF SECTION 45 OF THE MUNICIPAL SUPPLY CHAIN REGULATIONS (CONTINUED)

Company	Relationship	Position of person in service of the state	2021	2020
Bergstan South Africa	Director Cobin Beukes is the spouse of Jacqueline Beukes	Social Worker	111 838	-
Greyton Repairs	Owner Riaan Groenewald is the spouse of Gail Groenewald	TWK Principle Clerk	800	6 360
Sydney Amanzi Management Solutions	Member Sydney Armoed is the father of Eslin Armoed	Knysna Municipality Supervisor	80 899	88 499
Conlog (Pty) Ltd	Director Logandhren Moodley is the spouse of Nirvasha Moodley	Department of Health Director	152 581	-
Reginald du Plessis	Owner Reginald du Plessis is the spouse of Cerhal du Plessis and the son-in-law of Caroline Wood	Cerhal du Plessis, TWK General Worker; Caroline Wood, TWK Councillor	25 675	47 400
Bosman Smit Pretorius Inc	Owner Marriette Pretorius is the spouse of Gavin Brink	SAPS Police Officer	31 130	19 738
Shyzac 01 Security Solutions & Maintenance	Director Bjorn Africa is the second cousin of Annielle Martin	TWK - Senior Administrator	809 477	307 463
Neil Lyners and Associates	Director Neil Lyners is the brother of HG Lyners	Department of Transport and Public Works - Director	710 275	406 017
Kreesan Investments	Director Kreesan Subramoney is the son of Sivalingum Subramoney and the brother of Kubeshnie Subramoney	Sivalingum Subramoney, Deputy Director Correctional Services; Kubeshnie Subramoney, Warden	9 529	-
Red Ant Security Relocation and Eviction Services (Pty) Ltd	Director: Buthi Lesiela is the spouse of Noxolo Lesiela, employee at Mogale City Local Municipality	Employee at Mogale City Local Municipality	991 875	847 205
Rita du Toit Recruitment Advertising	The spouse of Hester du Toit is a Chief Inspector at the Department of Agriculture	Chief Inspector at the Department of Agriculture	-	800
D Uren Construction	Zariah Ajam is an Accountant at Drakenstein Municipality and is the independent child of Desmon Uren (Director)	Accountant at Drakenstein Municipality	-	290 663
Lipus Goods and Services (Pty) Ltd.	The spouse of Templeton Tando Maku (Director) is a Chief Registry Clerk at the Department of Community Safety	Chief Registry Clerk	377 142	429 719
Aluminium Designs	The spouse of DC Zeeman (Director) is a Head IDP and Communication at ODM	Head IDP and Communication	-	43 380
Mad Bulldogz Distributors	The spouse of Hein Erasmus (Director) is a Principle Clerk Salaries at TWK Mun.	Principle Clerk Salaries	19 585	174 092

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

67 TRANSACTIONS IN TERMS OF SECTION 45 OF THE MUNICIPAL SUPPLY CHAIN REGULATIONS (CONTINUED)

Company	Relationship	Position of person in service of the state	2021	2020
Claudine Bosman CJ's Cakes & Bakes	The spouse and parent in laws of Claudine Bosman (Director) is a Teacher, Assistant Director: Department of Health and Senior Mechanic: ODM	Teacher, Assistant Director: Department of Health and Senior Mechanic	-	7 529
AmandlaGCF Construction CC	Wendell Frazenberg, Director of AmandlaGCF Construction CC, is the brother-in-law of John Jacobs who is employed at the National Government Employment & Labour Department. Wendell Frazenberg is the brother of Unita Frazenberg, Eben Frazenberg, Jaqueline Frazenberg and Bryan Frazenberg who is employed at the National Government Deeds office, Education Department, Education Department and City of Cape Town - Traffic Department.	Teachers and Traffic Department	12 694 994	-
JVZ Construction (Pty) Ltd.	Marisa Matthee, Director of JVZ Construction (Pty) Ltd., is the spouse of RE Matthee whom is employed at the Department of Correctional Services.	Security Officer	7 636 616	-
LIT Technics (Pty) Ltd.	Jan Petrus Barnard, Director of LIT Technics (Pty) Ltd., is the independent child of Jan Barnard who works at TWK Mun.	Dep. Dir. Community Services	19 550	-
Royal Haskoning DHV	Salani Sithole, Director of Royal Haskoning DHV, is the spouse of Tryphosa Sithole who is employed at the City of Johannesburg.	Associate Director	1 413 664	-
Abe Rewinds t/a Delta Rewinds	Abduragman Daniels, Director of Abe Rewinds t/a Delta Rewinds, is the independent child of Mischa Human who is employed by the City of Cape Town.	Clerk	54 270	-
Groenland Motor Truck & Bakkie	Mina Snyders, Director of Groenland Motor Truck & Bakkie, is the sister-in-law of Morrizlin Josephs and Cornelius Josephs who is employed at TWK Mun. and SAPD.	Traffic Officer and Police Officer	19 446	-
Renco Advisory Services	Renco Theunissen, Director of Renco Advisory Services. Ranver Theunissen is the brother of Renco, Inge Theunissen is the sister-in-law of Renco, Kassandra Theunissen is the sister of Renco, Kallie Papier is the uncle of Renco, Christolene Theunissen, Melanie Fisher and Daniel papier is the cousin of Renco.	Department of Health - Temp. Worker, Assistant Director, SCM Clerk. TWK Mun. - Deputy Mayor, Administrator - Income, Administrator, Operator	74 765	-
Element Consulting Engineers (Pty) Ltd.	P Rossouw, Director of Element Consulting Engineers (Pty) Ltd., is the spouse of R Rossouw who is employed by the Education Department. M Shezi, Director of Element Consulting Engineers (Pty) Ltd., is the spouse of E Shezi also employed by the Education Department.	Teachers	2 085 858	-
JLA Logistics (Pty) Ltd.	Janine Cupido, Director of JLA Logistics (Pty) Ltd., is the daughter of A Cupido who is employed at the Department of Correctional Services.	Warden	60 120	-
Total			41 708 112	16 145 719

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

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68 NON-LIVING RESOURCES

Other than land, the Municipality identified aquifers in the Theewaterskloof municipal area as the only non-living resources of which the water is being extracted with the use of boreholes in the following towns:

- Botrivier
- Caledon
- Genadendal
- Greyton
- Tesselaarsdal
- Villiersdorp

69 SEGMENT REPORTING

69.1 General Information

The segments were organised based on the type and nature of service delivered by the Municipality. These services are delivered in various municipal departments, which for reporting purposes are allocated to a standardised functional area (guided by mSCOA regulations). Budgets are prepared for each functional area and the budget versus actual amounts are reported on a monthly basis. Information reported about these segments is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources. The disclosure of information about these segments is also considered appropriate for external reporting purposes.

The Municipality has 59 departments/functional areas and accordingly the segments were aggregated for reporting purposes as follow:

No	Reportable Segment	Goods and/or services delivered
1	Governance and Administration	Supply of overall governance and administrative services to the segments below
2	Community Services	Tourism, Sportfields, Housing, Informal Settlements, Parks, Cemeteries, Halls and Cemeteries
3	Public Safety	Traffic control, animal control and pounds
4	Planning and Development	Town planning, local economic development and building control
5	Roads and Stormwater	Construction and maintenance of roads and storm water
6	Environmental Affairs	Disaster management, air pollution control and nature reserve
7	Electricity Services	Electricity Services
8	Water Services	Water Services
9	Sewerage Services	Sewerage Services
10	Refuse Services	Refuse Services

69.2 Reporting on segment assets and liabilities

The Municipality has assessed that assets and liabilities associated with each segment is not used by management for decision making purposes, and neither is it being reported on. Assets and liabilities are utilised by management to assess key financial indicators for the Municipality as a whole. Accordingly, the assets and liabilities per segment is not required to be disclosed.

69.3 Geographic Segment Reporting

Although the Municipality operates in a number of geographical areas (i.e. towns), the geographical information is not considered relevant to management for decision-making. The goods and services provided to the community throughout the entire municipal area are based on similar tariffs and service standards. Therefore, the Municipality has assessed that it operates in a single geographical area.

69.4 Measurement of specific segment information

The accounting policies of the respective segments are the same as those prescribed in the summary of significant accounting policies.

The Municipality had no changes the structure of its internal organisation in a manner that caused the composition of its reportable segments to change from the prior year.

Information about the surplus/(deficit) and capital expenditure of the respective segments are disclosed on the following page.

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

69	SEGMENT REPORTING (CONTINUED)	Governance and Administration	Community Services	Public Safety	Planning and Development	Roads and Stormwater	Environmental Affairs	Electricity Services	Water Services	Sewerage Services	Refuse Services	Total
69.5	Specific Segment Reporting	R	R	R	R	R	R	R	R	R	R	R
	2021											
	REVENUE											
	External Revenue from Non-Exchange Transactions	211 761 249	15 339 174	12 433 216	22 155 165	130 000	-	12 845 790	10 262 402	11 665 701	13 137 842	309 730 539
	Property Rates	121 197 773	-	-	-	-	-	-	-	-	-	121 197 773
	Government Grants and Subsidies - Operating	87 906 124	9 432 563	-	2 539 843	130 000	-	4 561 895	8 387 616	11 665 701	13 137 842	137 761 584
	Public Contributions and Donations	495 127	-	-	-	-	-	-	-	-	-	495 127
	Government Grants and Subsidies - Capital	170 228	5 899 534	-	19 615 322	-	-	8 283 894	1 874 786	-	-	35 843 765
	Contributed Assets	15 198	-	-	-	-	-	-	-	-	-	15 198
	Other Income (Non-Exchange)	412 387	-	-	-	-	-	-	-	-	-	412 387
	Fines, penalties and forfeits	1 488 385	7 077	12 433 216	-	-	-	-	-	-	-	13 928 678
	Actuarial Gains	76 027	-	-	-	-	-	-	-	-	-	76 027
	External Revenue from Exchange Transactions	22 431 561	828 930	7 395 073	4 461 011	-	-	102 525 851	77 061 869	37 624 503	36 271 218	288 600 016
	Service Charges	-	-	-	-	-	-	102 525 420	77 055 929	37 624 503	36 271 218	253 477 071
	Rental of Facilities and Equipment	-	1 732	-	2 058 653	-	-	-	-	-	-	2 060 385
	Interest Earned - external investments	8 097 552	-	-	-	-	-	-	-	-	-	8 097 552
	Interest Earned - outstanding debtors	12 318 478	-	-	-	-	-	-	-	-	-	12 318 478
	Agency Services	-	-	7 283 913	-	-	-	-	-	-	-	7 283 913
	Licences and Permits	-	-	108 598	-	-	-	-	-	-	-	108 598
	Other Income (Exchange)	2 015 531	827 198	2 562	2 402 358	-	-	431	5 940	-	-	5 254 020
	Construction Contracts	-	1 555 677	-	-	-	-	-	-	-	-	1 555 677
	TOTAL REVENUE	234 192 810	17 723 781	19 828 289	26 616 176	130 000	-	115 371 640	87 324 271	49 290 204	49 409 061	599 886 232
	EXPENDITURE											
	Employee Related Costs	50 123 372	49 086 802	23 983 691	27 774 712	15 188 575	-	7 989 946	9 221 081	16 583 775	17 680 948	217 632 903
	Remuneration of Councillors	12 147 720	-	-	-	-	-	-	-	-	-	12 147 720
	Debt Impairment	14 361 292	-	12 360 158	-	-	-	(60 952)	13 801 747	10 942 690	11 412 138	62 817 073
	Depreciation and Amortisation	3 833 741	802 812	-	113 228	4 593 671	-	2 638 417	5 142 020	4 588 863	695 060	22 407 813
	Impairment	-	-	-	2 868 308	-	-	-	-	-	6 310 595	9 178 903
	Actuarial Losses	-	3 681 140	-	-	-	-	-	-	-	-	3 681 140
	Finance Charges	451 208	4 604 010	49 577	157 987	1 419 584	-	1 118 245	4 066 292	2 043 401	7 335 290	21 245 594
	Bulk Purchases	-	-	-	-	-	-	75 568 546	18 187 819	-	-	93 756 366
	Contracted Services	6 810 382	8 206 347	1 480 102	1 347 150	4 134 707	3 575 241	1 437 168	3 028 606	5 479 419	7 558 298	43 057 421
	Transfers and Grants	-	-	-	-	-	-	3 223 774	-	-	-	3 223 774
	Other Expenditure	21 385 434	4 554 529	1 451 325	3 346 153	5 452 914	244 238	3 299 965	7 707 703	6 519 314	5 593 814	59 555 390
	Loss on disposal of Non-Monetary Assets	996 933	-	-	-	-	-	-	-	-	-	996 933
	Total Expenditure	110 110 084	70 935 640	39 324 853	35 607 538	30 789 452	3 819 479	95 215 109	61 155 270	46 157 462	56 586 142	549 701 029
	NET SURPLUS/(DEFICIT) FOR THE YEAR	124 082 726	(53 211 859)	(19 496 565)	(8 991 362)	(30 659 452)	(3 819 479)	20 156 531	26 169 001	3 132 742	(7 177 081)	50 185 203
	Less: Government Grants and Subsidies - Capital	(170 228)	(5 899 534)	-	(19 615 322)	-	-	(8 283 894)	(1 874 786)	-	-	(35 843 765)
	Less: Contributed Assets	(15 198)	-	-	-	-	-	-	-	-	-	(15 198)
	OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	123 897 300	(59 111 393)	(19 496 565)	(28 606 684)	(30 659 452)	(3 819 479)	11 872 637	24 294 215	3 132 742	(7 177 081)	14 326 240
	CAPITAL EXPENDITURE FOR THE YEAR	7 439 164	7 221 733	886 168	57 467	9 621 868	-	12 306 716	9 114 351	26 306 673	12 660 485	85 614 625

THEEWATERSKLOOF LOCAL MUNICIPALITY

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2021

69	SEGMENT REPORTING (CONTINUED)											
69.5	Specific Segment Reporting	Governance and Administration R	Community Services R	Public Safety R	Planning and Development R	Roads and Stormwater R	Environmental Affairs R	Electricity Services R	Water Services R	Sewerage Services R	Refuse Services R	Total R
	2020											
	REVENUE											
	External Revenue from Non-Exchange Transactions	201 262 852	24 650 117	24 283 912	25 311 292	80 500	-	9 020 946	7 039 439	10 139 338	14 786 786	316 575 182
	Property Rates	113 734 074	-	-	-	-	-	-	-	-	-	113 734 074
	Government Grants and Subsidies - Operating	71 520 201	8 123 109	-	2 946 891	80 500	-	3 315 993	6 927 439	10 139 338	11 473 274	114 526 745
	Public Contributions and Donations	804 176	-	-	-	-	-	-	-	-	-	804 176
	Government Grants and Subsidies - Capital	-	16 519 088	-	22 363 426	-	-	5 704 953	112 000	-	-	44 699 467
	Contributed Assets	6 703 322	-	-	-	-	-	-	-	-	-	6 703 322
	Other Income (Non-Exchange)	315 380	-	-	-	-	-	-	-	-	3 313 512	3 628 891
	Fines, penalties and forfeits	168 272	7 919	24 283 912	976	-	-	-	-	-	-	24 461 079
	Actuarial Gains	8 017 428	-	-	-	-	-	-	-	-	-	8 017 428
	External Revenue from Exchange Transactions	24 544 233	694 604	5 815 061	4 334 120	-	-	96 121 756	74 644 225	33 644 588	34 703 592	274 502 179
	Service Charges	-	-	-	-	-	-	96 121 756	74 625 217	33 643 759	34 703 592	239 094 323
	Rental of Facilities and Equipment	-	29 127	-	1 906 157	-	-	-	-	-	-	1 935 283
	Interest Earned - external investments	12 236 157	-	-	-	-	-	-	-	-	-	12 236 157
	Interest Earned - outstanding debtors	11 608 634	-	-	-	-	-	-	-	-	-	11 608 634
	Agency Services	-	-	5 745 249	-	-	-	-	-	-	-	5 745 249
	Licences and Permits	-	-	35 137	-	-	-	-	-	-	-	35 137
	Other Income (Exchange)	699 442	665 477	34 675	2 427 963	-	-	-	19 008	830	-	3 847 395
	Construction Contracts	-	9 631 947	-	-	-	-	-	-	-	-	9 631 947
	TOTAL REVENUE	225 807 085	34 976 668	30 098 973	29 645 412	80 500	-	105 142 702	81 683 664	43 783 926	49 490 377	600 709 307
	EXPENDITURE											
	Employee Related Costs	49 050 520	45 064 270	23 387 877	28 451 422	14 872 486	-1 420	7 362 696	10 911 072	12 902 058	15 553 893	207 554 874
	Remuneration of Councillors	12 193 676	-	-	-	-	-	-	-	-	-	12 193 676
	Debt Impairment	16 465 944	-	23 275 907	-	-	-	409 689	9 685 191	8 905 828	10 304 790	69 047 349
	Depreciation and Amortisation	1 399 448	746 567	-	93 742	4 408 418	-	896 059	7 653 200	4 385 345	2 893 771	22 476 551
	Finance Charges	25 216	4 477 015	58 272	189 583	1 292 298	-	1 064 808	4 143 187	1 900 388	6 851 105	20 001 871
	Bulk Purchases	-	-	-	-	-	-	69 359 356	17 256 166	-	-	86 615 521
	Contracted Services	4 582 247	14 785 133	1 839 463	2 176 333	2 649 570	3 843 523	1 387 588	3 694 877	4 811 447	6 396 699	46 166 880
	Transfers and Grants	920 000	49 000	-	25 000	-	-	3 276 387	-	-	-	4 270 387
	Other Expenditure	18 684 290	5 455 982	983 355	2 690 918	3 307 171	103 554	2 649 758	6 784 393	5 703 455	4 682 219	51 045 093
	Loss on disposal of Non-Monetary Assets	1 020 736	-	-	-	-	-	-	-	-	-	1 020 736
	Total Expenditure	104 342 076	70 577 967	49 544 873	33 626 998	26 529 943	3 945 658	86 406 340	60 128 084	38 608 521	46 682 477	520 392 936
	NET SURPLUS/(DEFICIT) FOR THE YEAR	121 465 009	(35 601 299)	(19 445 900)	(3 981 586)	(26 449 443)	(3 945 658)	18 736 363	21 555 580	5 175 405	2 807 901	80 316 371
	Less: Government Grants and Subsidies - Capital	-	(16 519 088)	-	(22 363 426)	-	-	(5 704 953)	(112 000)	-	-	(44 699 467)
	Less: Contributed Assets	(6 703 322)	-	-	-	-	-	-	-	-	-	(6 703 322)
	OPERATING SURPLUS/(DEFICIT) FOR THE YEAR	114 761 687	(52 120 387)	(19 445 900)	(26 345 012)	(26 449 443)	(3 945 658)	13 031 410	21 443 580	5 175 405	2 807 901	28 913 582
	CAPITAL EXPENDITURE FOR THE YEAR	528 398	17 616 979	581 757	11 890 967	1 417 739	-	10 746 126	3 541 907	21 390 475	11 008 508	78 722 856

THEEWATERSKLOOF LOCAL MUNICIPALITY

APPENDIX A (UNAUDITED)

SCHEDULE OF EXTERNAL LOANS FOR THE YEAR ENDING 30 JUNE 2021

INSTITUTION	LOAN NUMBER	RATE	MATURITY DATE	OPENING BALANCE 1 JULY 2020	RECEIVED DURING YEAR	REDEEMED DURING YEAR	CLOSING BALANCE 30 JUNE 2021
<u>ANNUITY LOANS</u>							
DBSA BANK - 10 & 20 year	Loan No. 102807/1	10.74%	30/06/2028	5 563 870	-	(492 289)	5 071 581
DBSA BANK - 10 & 20 year	Loan No. 103108/1	11.44%	30/09/2028	6 673 382	-	(500 333)	6 173 049
DBSA BANK - 20 year	103313.1	9.85%	31/03/2029	15 246 096	-	(1 119 004)	14 127 092
DBSA BANK - 15 year	103313.2	9.97%	31/03/2024	2 729 319	-	(586 274)	2 143 045
STANDARD BANK - 10 year	72479981	11.72%	31/07/2020	245 118	-	(245 118)	-
DBSA BANK - 20 year	103817/3	11.06%	31/12/2030	8 645 747	-	(469 196)	8 176 551
STANDARD BANK- 15 year	272400572	12.22%	30/06/2026	5 032 389	-	(611 030)	4 421 359
ABSA BANK - 15 year	40-7908-8994	10.79%	27/06/2027	7 738 505	-	(797 213)	6 941 292
ABSA BANK - 7 year	387230962	10.09%	21/06/2021	564 929	-	(564 929)	-
ABSA BANK - 10 year	387230963	10.63%	27/06/2024	4 352 892	-	(925 463)	3 427 429
ABSA - 5 year	3050777771	8.95%	30/06/2024	1 655 742	-	(360 334)	1 295 408
ABSA - 7 year	3050777789	9.19%	30/06/2026	2 216 295	-	(290 301)	1 925 994
ABSA - 10 year	3050777763	9.62%	30/06/2029	3 058 580	-	(224 795)	2 833 785
NEDBANK - 15 year	05/78310356050	10.45%	30/06/2034	2 556 740	-	(86 777)	2 469 963
STANDARD BANK - 4 year	000600694	6.63%	31/12/2024	-	7 200 000	(1 296 061)	5 903 939
STANDARD BANK - 10 year	000600703	8.26%	28/06/2030	-	5 262 869	(394 358)	4 868 511
STANDARD BANK - 15 year	000600712	9.76%	29/06/2035	-	6 631 476	(267 820)	6 363 656
ABSA - 7 year	3052887574	9.19%	30/06/2027	-	3 000 000	(321 140)	2 678 860
Total Annuity Loans				66 279 604	22 094 345	(9 552 434)	78 821 514
<u>STOCK LOANS</u>							
DBSA BANK - 15 year	1022754	9.39%	31/03/2022	1 553 169	-	-	1 553 169
DBSA BANK - 20 year	1022755	9.29%	31/03/2027	8 469 800	-	-	8 469 800
DBSA BANK - 20 year	1014871	9.46%	31/12/2024	6 000 000	-	-	6 000 000
Total Stock Loans				16 022 969	-	-	16 022 969
Total Long-Term Liabilities				82 302 573	22 094 345	(9 552 434)	94 844 483

THEEWATERSKLOOF LOCAL MUNICIPALITY

APPENDIX B (UNAUDITED)

DISCLOSURE OF GRANTS AND SUBSIDIES FOR THE YEAR ENDING 30 JUNE 2021

	OPENING BALANCE R	GRANTS RECEIVED / (REPAID) R	TRANSFERRED TO REVENUE (OPERATING) R	TRANSFERRED TO REVENUE (CAPITAL) R	TRANSFER TO / (FROM) RECEIVABLES R	CLOSING BALANCE R
NATIONAL GOVERNMENT						
Equitable Share	-	118 783 000	(118 783 000)	-	-	-
Finance Management Grant (FMG)	2 037	1 700 000	(1 682 037)	(20 000)	-	-
Municipal Infrastructure Grant (MIG)	175 239	25 813 000	(3 550 205)	(19 562 722)	-	2 875 312
Expanded Public Works Programme (EPWP)	76 002	1 854 998	(1 924 047)	-	-	6 953
Integrated National Electrification Programme (INEP)	-	5 000 000	(652 000)	(4 348 000)	-	-
Public Works	-	-	-	-	-	-
Water and Sanitation	-	-	-	-	-	-
Municipal Disaster Relief Grant	166 228	(15 999)	-	(150 229)	-	-
Energy Efficiency & Demand Side Management Grant	-	2 600 000	(469 000)	(3 078 263)	947 263	-
Water Service Infrastructure Grant (WSIG)	-	2 500 000	-	-	-	2 500 000
Total	419 506	158 235 000	(127 060 289)	(27 159 214)	947 263	5 382 265
PROVINCIAL GOVERNMENT						
Housing	-	5 971 271	-	(5 693 273)	-	277 998
CDW Contribution	163 156	112 000	(170 000)	-	-	105 156
Thusong Multi Purpose Centre	70 593	150 000	(150 000)	-	-	70 593
Main Roads Subsidy	88 611	130 000	(130 000)	-	-	88 611
Financial Support Grant	872 478	-	(153 399)	-	-	719 079
Library Subsidy	1 648 224	9 111 000	(9 044 496)	(206 261)	-	1 508 467
Municipal Capacity Building Grant	1 892 367	300 000	(473 287)	(857 632)	-	861 448
Local Government Graduate Internship Allocation	20 000	-	-	-	-	20 000
Municipal Disaster Recovery (Water Supply Grant)	569 425	-	-	-	-	569 425
Sport and Recreation	244 702	-	(238 066)	-	-	6 636
Municipal Drought Relief (MDR)	396 449	1 750 000	-	(1 874 786)	-	271 663
Local Government Support Grant	-	-	-	-	-	-
Regional socio-economic projects (RSEP)	-	500 000	-	(52 600)	-	447 400
Total	5 966 005	18 024 271	(10 359 249)	(8 684 552)	-	4 946 476
OTHER GRANT PROVIDERS						
DBSA Local Economic Development	226 477	-	-	-	-	226 477
SETA	-	342 047	(342 047)	-	-	-
SANRAL	173 950	-	-	-	-	173 950
Economic Development	64 895	-	-	-	-	64 895
Total	465 322	342 047	(342 047)	-	-	465 322
ALL SPHERES OF GOVERNMENT	6 850 833	176 601 317	(137 761 584)	(35 843 766)	947 263	10 794 063

THEEWATERSKLOOF LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	ORIGINAL BUDGET 2021 R	BUDGET ADJUSTMENTS 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 R	RESTATED OUTCOME 2020 R
Financial Performance						
Property rates	116 980 258	(826 000)	116 154 258	121 197 773	5 043 515	113 734 074
Service charges	250 327 679	(10 558 006)	239 769 673	253 477 071	13 707 398	239 094 323
Investment revenue	11 000 000	(4 400 000)	6 600 000	8 097 552	1 497 552	12 236 157
Transfers recognised - operational	140 365 217	25 911 307	166 276 524	137 761 584	(28 514 940)	114 526 744
Other own revenue	74 320 598	(37 130 813)	37 189 785	43 493 290	6 303 505	69 715 219
Total Operating Revenue (excluding capital transfers)	592 993 752	(27 003 512)	565 990 240	564 027 269	(1 962 971)	549 306 518
Employee costs	238 465 096	(2 572 827)	235 892 269	217 632 903	(18 259 366)	207 554 874
Remuneration of councillors	13 568 002	-	13 568 002	12 147 720	(1 420 282)	12 193 676
Debt impairment	79 577 394	(33 014 674)	46 562 720	62 817 073	16 254 353	69 047 350
Depreciation and asset impairment	23 751 702	3 400 000	27 151 702	31 586 715	4 435 013	22 476 557
Finance charges	20 929 590	-	20 929 590	21 245 594	316 004	20 001 871
Bulk purchases	99 883 639	(2 939 361)	96 944 278	93 756 366	(3 187 912)	86 615 521
Other materials	39 750 320	(13 879 663)	25 870 657	-	(25 870 657)	-
Contracted services	50 730 280	6 664 378	57 394 658	43 057 421	(14 337 237)	46 166 880
Transfers and subsidies	200 000	24 970 192	25 170 192	3 223 774	(21 946 418)	4 270 387
Other expenditure	46 880 210	(251 394)	46 628 816	63 236 530	16 607 714	51 045 093
Loss on Disposal of PPE	-	-	-	996 933	996 933	1 020 765
Total Expenditure	613 736 233	(17 623 349)	596 112 884	549 701 029	(46 411 855)	520 392 973
Surplus/(Deficit)	(20 742 481)	(9 380 163)	(30 122 644)	14 326 240	44 448 884	28 913 545
Transfers recognised - capital	64 412 974	(9 384 215)	55 028 759	35 843 766	(19 184 993)	44 699 467
Contributed Assets	-	-	-	15 198	15 198	6 703 322
Surplus/(Deficit) for the year	43 670 493	(18 764 378)	24 906 115	50 185 204	25 279 089	80 316 334
Capital expenditure & funds sources						
Capital expenditure	138 660 382	(3 752 282)	134 908 100	85 614 625	(49 293 475)	78 722 856
Transfers recognised - capital	64 412 974	(9 384 215)	55 028 759	35 843 537	(19 185 222)	46 299 585
Borrowing	53 621 787	3 241 579	56 863 366	36 505 342	(20 358 024)	22 027 819
Internally generated funds	20 625 621	2 390 354	23 015 975	13 265 746	(9 750 229)	10 395 452
Total sources of capital funds	138 660 382	(3 752 282)	134 908 100	85 614 625	(49 293 475)	78 722 856
Cash flows						
Net cash from (used) operating	67 359 042	(9 055 419)	58 303 624	98 056 768	39 753 144	85 209 278
Net cash from (used) investing	(138 659 242)	4 752 142	(133 907 100)	(85 765 253)	48 141 847	(69 110 916)
Net cash from (used) financing	45 423 942	3 320 607	48 744 549	12 609 853	(36 134 696)	(7 849 887)
Net Cash Movement for the year	(25 876 257)	(982 670)	(26 858 927)	24 901 368	51 760 295	8 248 475
Cash/cash equivalents at beginning of year	113 816 536	25 372 089	139 188 624	139 188 624	-	130 940 149
Cash/cash equivalents at the year end	87 940 278	24 389 419	112 329 697	164 089 992	51 760 295	139 188 624

THE WATERSKLOOF LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	ORIGINAL BUDGET 2021 R	BUDGET ADJUSTMENTS 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 R	RESTATED OUTCOME 2020 R
REVENUE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	1 097 500	439 277	1 536 777	741 154	(795 623)	901 021
Finance and administration	253 049 171	(5 348 625)	247 700 546	257 681 172	9 980 626	252 195 573
Internal audit	-	-	-	-	-	-
Community and public safety						
Community and social services	9 994 512	1 455 980	11 450 492	10 225 259	(1 225 233)	8 811 019
Sport and recreation	48 600	244 702	293 302	240 897	(52 405)	29 127
Public safety	36 967 240	(32 636 740)	4 330 500	12 544 376	8 213 876	24 353 724
Housing	44 141 000	3 177 930	47 318 930	7 248 950	(40 069 980)	26 125 685
Economic and environmental services						
Planning and development	3 065 400	(502 400)	2 563 000	2 395 336	(167 664)	2 366 741
Road transport	12 453 444	(4 004 484)	8 448 960	7 413 913	(1 035 047)	5 825 749
Environmental Protection	-	-	-	-	-	-
Trading services						
Energy sources	118 853 556	(2 534 015)	116 319 541	115 371 640	(947 901)	105 142 702
Water management	83 525 145	841 015	84 366 160	87 324 271	2 958 111	81 683 664
Waste water management	46 780 406	570 800	47 351 206	49 290 204	1 938 998	43 783 926
Waste management	47 430 752	1 908 833	49 339 585	49 409 061	69 476	49 490 377
Other	-	-	-	-	-	-
Total Revenue - Standard	657 406 726	(36 387 727)	621 018 999	599 886 233	(21 132 766)	600 709 308
EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	21 130 864	(146 725)	20 984 139	18 409 675	(2 574 464)	24 362 412
Finance and administration	173 282 862	(5 947 425)	167 335 437	154 642 370	(12 693 067)	136 347 109
Internal audit	1 475 992	1 034 766	2 510 758	2 310 795	(199 963)	2 100 142
Community and public safety						
Community and social services	11 961 396	375 752	12 337 148	10 354 296	(1 982 852)	8 622 717
Sport and recreation	10 658 574	507 061	11 165 635	10 024 555	(1 141 080)	9 017 929
Public safety	56 344 225	(28 666 723)	27 677 502	33 293 311	5 615 809	47 750 737
Housing	26 366 828	10 329 702	36 696 530	10 678 007	(26 018 523)	18 189 167
Economic and environmental services						
Planning and development	11 935 895	474 810	12 410 705	11 092 531	(1 318 174)	10 518 301
Road transport	40 977 547	2 381 222	43 358 769	39 636 227	(3 722 542)	31 655 008
Environmental Protection	189 199	(32 000)	157 199	115 514	(41 685)	-
Trading services						
Energy sources	97 329 811	(2 102 622)	95 227 189	95 215 109	(12 080)	86 406 340
Water management	62 358 366	64 781	62 423 147	61 155 270	(1 267 877)	60 128 084
Waste water management	45 014 545	1 861 306	46 875 851	46 157 462	(718 389)	38 608 521
Waste management	54 152 315	2 440 746	56 593 061	56 586 142	(6 919)	46 682 477
Other	557 814	(198 000)	359 814	29 766	(330 048)	3 993
Total Expenditure - Standard	613 736 233	(17 623 349)	596 112 884	549 701 030	(46 411 854)	520 392 937
Surplus/(Deficit) for the year	43 670 493	(18 764 378)	24 906 115	50 185 203	25 279 088	80 316 371

THEWATERSKLOOF LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	ORIGINAL BUDGET 2021 R	BUDGET ADJUSTMENTS 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 R	RESTATED OUTCOME 2020 R
REVENUE AND EXPENDITURE (MUNICIPAL VOTE CLASSIFICATION)						
REVENUE						
Vote 1 - Budget and treasury office	-	-	-	-	-	224 479 182
Vote 1 - Directorate Finance	225 830 197	(5 210 649)	220 619 548	233 051 448	12 431 900	-
Vote 2 - Community and social services	-	-	-	-	-	8 811 019
Vote 3 - Corporate services	-	-	-	-	-	27 716 391
Vote 4 - Electricity	118 853 556	(2 534 015)	116 319 541	115 371 640	(947 901)	105 142 702
Vote 5 - Environmental protection	-	-	-	-	-	-
Vote 6 - Executive and council	-	-	-	-	-	901 021
Vote 6 - Office of the Municipal Manager	1 485 500	176 122	1 661 622	499 276	(1 162 346)	-
Vote 7 - Housing	-	-	-	-	-	26 125 685
Vote 8 - Directorate Technical Services and Planning	71 708 183	2 275 530	73 983 713	31 829 924	(42 153 789)	-
Vote 8 - Planning and development	-	-	-	-	-	2 366 741
Vote 9 - Public safety	-	-	-	-	-	24 353 724
Vote 10 - Road transport	-	-	-	-	-	5 825 749
Vote 11 - Sport and recreation	-	-	-	-	-	29 127
Vote 12 - Waste management	47 430 752	1 908 833	49 339 585	49 409 061	69 476	49 490 377
Vote 13 - Waste water management	46 780 406	570 800	47 351 206	49 290 204	1 938 998	43 783 926
Vote 14 - Water	83 525 145	841 015	84 366 160	87 324 271	2 958 111	81 683 664
Vote 15 - Directorate Development and Community Services	61 792 987	(34 415 363)	27 377 624	33 110 408	5 732 784	-
Total Revenue by Vote	657 406 726	(36 387 727)	621 018 999	599 886 232	(21 132 767)	600 709 308
EXPENDITURE						
Vote 1 - Budget and treasury office	-	-	-	-	-	59 286 422
Vote 1 - Directorate Finance	69 556 741	(5 561 483)	63 995 258	62 155 203	(1 840 055)	-
Vote 2 - Community and social services	-	-	-	-	-	8 129 985
Vote 3 - Corporate services	-	-	-	-	-	58 263 203
Vote 4 - Electricity	97 329 811	(2 102 622)	95 227 189	95 215 109	(12 080)	86 406 340
Vote 5 - Environmental protection	-	-	-	-	-	-
Vote 6 - Executive and council	-	-	-	-	-	43 927 385
Vote 6 - Office of the Municipal Manager	7 781 506	609 196	8 390 702	6 290 991	(2 099 711)	-
Vote 7 - Housing	-	-	-	-	-	18 189 167
Vote 8 - Directorate Technical Services and Planning	52 581 322	7 929 175	60 510 497	31 201 579	(29 308 918)	-
Vote 8 - Planning and development	-	-	-	-	-	12 347 679
Vote 9 - Public safety	-	-	-	-	-	47 750 737
Vote 10 - Road transport	-	-	-	-	-	31 655 008
Vote 11 - Sport and recreation	-	-	-	-	-	9 017 929
Vote 12 - Waste management	54 152 315	2 440 746	56 593 061	56 586 142	(6 919)	46 682 477
Vote 13 - Waste water management	45 014 545	1 861 306	46 875 851	46 157 462	(718 389)	38 608 521
Vote 14 - Water	62 358 366	64 781	62 423 147	61 155 270	(1 267 877)	60 128 084
Vote 15 - Directorate Development and Community Services	224 961 627	(22 864 448)	202 097 179	190 939 273	(11 157 906)	-
Total Expenditure by Vote	613 736 233	(17 623 349)	596 112 884	549 701 029	(46 411 855)	520 392 937
Surplus/(Deficit) for the year	43 670 493	(18 764 378)	24 906 115	50 185 203	25 279 088	80 316 371

THEWATERSKLOOF LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	ORIGINAL BUDGET 2021 R	BUDGET ADJUSTMENTS 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 R	RESTATED OUTCOME 2020 R
REVENUE AND EXPENDITURE						
REVENUE BY SOURCE						
Property rates	116 980 258	(826 000)	116 154 258	121 197 773	5 043 515	113 734 074
Service charges - electricity revenue	103 466 776	(1 017 225)	102 449 551	102 525 420	75 869	96 121 756
Service charges - water revenue	74 461 145	(2 354 647)	72 106 498	77 055 929	4 949 431	74 625 217
Service charges - sanitation revenue	36 099 006	(3 483 989)	32 615 017	37 624 503	5 009 486	33 643 759
Service charges - refuse revenue	36 300 752	(3 702 145)	32 598 607	36 271 218	3 672 611	34 703 592
Rental of facilities and equipment	2 150 000	(140 000)	2 010 000	2 060 385	50 385	1 935 283
Interest earned - external investments	11 000 000	(4 400 000)	6 600 000	8 097 552	1 497 552	12 236 157
Interest earned - outstanding debtors	21 200 000	(5 000 000)	16 200 000	12 318 478	(3 881 522)	11 608 634
Fines, penalties and forfeits	36 809 440	(32 547 440)	4 262 000	13 928 678	9 666 678	24 461 079
Licences and permits	64 500	(4 000)	60 500	108 598	48 098	35 137
Agency services	7 902 253	416 707	8 318 960	7 283 913	(1 035 047)	5 745 249
Transfers recognised - operating	140 365 217	25 911 307	166 276 524	137 761 584	(28 514 940)	114 526 744
Other revenue	6 193 405	(856 080)	5 337 325	7 793 238	2 455 913	25 929 837
Gains	1 000	1 000 000	1 001 000	-	(1 001 000)	-
Total Revenue (excl capital transfers)	592 993 752	(27 003 512)	565 990 240	564 027 269	(1 962 971)	549 306 518
EXPENDITURE BY TYPE						
Employee related costs	238 465 096	(2 572 827)	235 892 269	217 632 903	(18 259 366)	207 554 874
Remuneration of councillors	13 568 002	-	13 568 002	12 147 720	(1 420 282)	12 193 676
Debt impairment	79 577 394	(33 014 674)	46 562 720	62 817 073	16 254 353	69 047 350
Depreciation & asset impairment	23 751 702	3 400 000	27 151 702	31 586 715	4 435 013	22 476 557
Finance charges	20 929 590	-	20 929 590	21 245 594	316 004	20 001 871
Bulk purchases	99 883 639	(2 939 361)	96 944 278	93 756 366	(3 187 912)	86 615 521
Other Materials	39 750 320	(13 879 663)	25 870 657	-	(25 870 657)	-
Contracted Services	50 730 280	6 664 378	57 394 658	43 057 421	(14 337 237)	46 166 880
Transfers and grants	200 000	24 970 192	25 170 192	3 223 774	(21 946 418)	4 270 387
Other expenditure	46 880 210	(251 394)	46 628 816	63 236 530	16 607 714	51 045 093
Loss on disposal of PPE	-	-	-	996 933	996 933	1 020 765
Total Expenditure	613 736 233	(17 623 349)	596 112 884	549 701 029	(46 411 855)	520 392 973
Surplus/(Deficit)	(20 742 481)	(9 380 163)	(30 122 644)	14 326 240	44 448 884	28 913 545
Transfers recognised - capital	64 412 974	(9 384 215)	55 028 759	35 843 766	(19 184 993)	44 699 467
Contributed Assets	-	-	-	15 198	15 198	6 703 322
Surplus/(Deficit) for the year	43 670 493	(18 764 378)	24 906 115	50 185 204	25 279 089	80 316 334

THEEWATERSKLOOF LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	ORIGINAL BUDGET 2021 R	BUDGET ADJUSTMENTS 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 R	RESTATED OUTCOME 2020 R
CAPITAL EXPENDITURE (MUNICIPAL VOTE)						
Multi-year expenditure						
Vote 1 - Budget and treasury office	-	-	-	-	-	-
Vote 1 - Directorate Finance	-	-	-	-	-	-
Vote 2 - Community and social services	-	-	-	-	-	-
Vote 3 - Corporate services	-	-	-	-	-	-
Vote 4 - Electricity	7 958 246	(348 000)	7 610 246	6 606 976	(1 003 270)	7 507 011
Vote 5 - Environmental protection	-	-	-	-	-	-
Vote 6 - Executive and council	-	-	-	-	-	-
Vote 6 - Office of the Municipal Manager	-	-	-	-	-	-
Vote 7 - Housing	-	-	-	-	-	-
Vote 8 - Directorate Technical Services and Planning	-	-	-	-	-	-
Vote 8 - Planning and development	-	-	-	-	-	-
Vote 9 - Public safety	-	-	-	-	-	-
Vote 10 - Road transport	-	-	-	-	-	-
Vote 11 - Sport and recreation	-	-	-	-	-	-
Vote 12 - Waste management	9 565 217	-	9 565 217	6 116 964	(3 448 253)	5 460 345
Vote 13 - Waste water management	22 785 407	(4 059 353)	18 726 054	16 267 990	(2 458 064)	13 963 036
Vote 14 - Water	1 842 414	-	1 842 414	1 845 164	2 750	690 450
Vote 15 - Directorate Development and Community Services	-	-	-	-	-	-
Total Multi-year expenditure	42 151 284	(4 407 353)	37 743 931	30 837 094	(6 906 837)	27 620 842
Single-year expenditure						
Vote 1 - Budget and treasury office	-	-	-	-	-	78 418
Vote 1 - Directorate Finance	125 369	48 500	173 869	173 748	(121)	-
Vote 2 - Community and social services	-	-	-	-	-	28 554
Vote 3 - Corporate services	-	-	-	-	-	7 213 857
Vote 4 - Electricity	6 788 000	(698 142)	6 089 858	5 699 740	(390 118)	3 239 115
Vote 5 - Environmental protection	-	-	-	-	-	-
Vote 6 - Executive and council	-	-	-	-	-	811 667
Vote 6 - Office of the Municipal Manager	-	-	-	-	-	-
Vote 7 - Housing	-	-	-	-	-	16 348 157
Vote 8 - Directorate Technical Services and Planning	26 498 250	(5 391 438)	21 106 812	5 698 140	(15 408 672)	-
Vote 8 - Planning and development	-	-	-	-	-	5 188 520
Vote 9 - Public safety	-	-	-	-	-	484 317
Vote 10 - Road transport	-	-	-	-	-	1 515 179
Vote 11 - Sport and recreation	-	-	-	-	-	367 170
Vote 12 - Waste management	7 210 219	384 004	7 594 223	6 543 522	(1 050 701)	5 548 163
Vote 13 - Waste water management	9 144 000	8 365 116	17 509 116	10 038 683	(7 470 433)	7 427 440
Vote 14 - Water	19 532 067	(4 103 301)	15 428 766	7 269 188	(8 159 578)	2 851 457
Vote 15 - Directorate Development and Community Services	27 211 193	2 050 332	29 261 525	19 354 511	(9 907 014)	-
Total Single-year expenditure	96 509 098	655 071	97 164 169	54 777 532	(42 386 637)	51 102 015
Total Capital Expenditure by Vote	138 660 382	(3 752 282)	134 908 100	85 614 625	(49 293 475)	78 722 856

THEWATERSKLOOF LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	ORIGINAL BUDGET 2021 R	BUDGET ADJUSTMENTS 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 R	RESTATED OUTCOME 2020 R
CAPITAL EXPENDITURE (STANDARD CLASSIFICATION)						
Governance and administration						
Executive and council	-	10 000	10 000	-	(10 000)	-
Finance and administration	8 063 209	5 202 353	13 265 562	8 503 320	(4 762 242)	13 292 463
Internal audit	-	-	-	-	-	-
Community and public safety						
Community and social services	120 000	925 000	1 045 000	206 261	(838 739)	28 554
Sport and recreation	100 000	-	100 000	99 999	(1)	367 170
Public safety	160 250	890 000	1 050 250	817 668	(232 582)	484 317
Housing	26 564 000	(4 953 175)	21 610 825	5 856 184	(15 754 641)	16 348 157
Economic and environmental services						
Planning and development	-	420 000	420 000	52 600	(367 400)	-
Road transport	18 827 353	(5 786 784)	13 040 569	9 690 368	(3 350 201)	1 515 179
Environmental Protection	-	-	-	-	-	-
Trading services						
Energy sources	14 746 246	(1 046 142)	13 700 104	12 306 716	(1 393 388)	10 746 126
Water management	21 374 481	(4 103 301)	17 271 180	9 114 351	(8 156 829)	3 541 907
Waste water management	31 929 407	4 305 763	36 235 170	26 306 673	(9 928 497)	21 390 475
Waste management	16 775 436	384 004	17 159 440	12 660 485	(4 498 955)	11 008 508
Other	-	-	-	-	-	-
Total Capital Expenditure - Standard	138 660 382	(3 752 282)	134 908 100	85 614 625	(49 293 475)	78 722 856
CAPITAL EXPENDITURE (CONTINUED)						
FUNDING SOURCES						
National Government	31 632 783	(1 689 000)	29 943 783	27 158 985	(2 784 798)	28 375 959
Provincial Government	28 359 000	(3 274 024)	25 084 976	8 684 552	(16 400 424)	16 373 507
District Municipality	-	-	-	-	-	-
Other transfers and grants	4 421 191	(4 421 191)	-	-	-	1 550 118
Transfers recognised - capital	64 412 974	(9 384 215)	55 028 759	35 843 537	(19 185 222)	46 299 585
Borrowing	53 621 787	3 241 579	56 863 366	36 505 342	(20 358 024)	22 027 819
Internally generated funds	20 625 621	2 390 354	23 015 975	13 265 746	(9 750 229)	10 395 452
Total Capital Funding	138 660 382	(3 752 282)	134 908 100	85 614 625	(49 293 475)	78 722 856

THEWATERSKLOOF LOCAL MUNICIPALITY

APPENDIX C (UNAUDITED)

NATIONAL TREASURY APPROPRIATION STATEMENTS FOR THE YEAR ENDING 30 JUNE 2021

	ORIGINAL BUDGET 2021 R	BUDGET ADJUSTMENTS 2021 R	FINAL BUDGET 2021 R	ACTUAL OUTCOME 2021 R	BUDGET VARIANCE 2021 R	RESTATED OUTCOME 2020 R
CASH FLOWS						
CASH FLOW FROM OPERATING ACTIVITIES						
Receipts						
Property rates, penalties & collection charges	99 385 497	(818 155)	98 567 343	117 331 473	18 764 130	103 740 498
Service charges	212 676 406	(9 210 258)	203 466 149	218 111 562	14 645 413	201 304 272
Other revenue	20 157 290	(3 929 322)	16 227 969	23 394 638	7 166 670	28 928 190
Government - operating	140 365 217	22 720 769	163 085 986	140 757 552	(22 328 434)	89 047 834
Government - capital	64 412 974	(11 237 429)	53 175 545	35 843 766	(17 331 779)	44 699 467
Interest	29 011 351	(8 664 193)	20 347 158	8 097 552	(12 249 606)	12 236 157
Payments						
Suppliers and employees	(487 098 820)	2 083 168	(485 015 652)	(432 429 426)	52 586 226	(381 476 890)
Finance charges	(11 350 874)	-	(11 350 874)	(9 826 576)	1 524 298	(8 999 864)
Transfers and grants	(200 000)	-	(200 000)	(3 223 774)	(3 023 774)	(4 270 387)
NET CASH FROM OPERATING ACTIVITIES	67 359 042	(9 055 419)	58 303 624	98 056 768	39 753 144	85 209 278
CASH FLOWS FROM INVESTING ACTIVITIES						
Receipts						
Proceeds on disposal of PPE	1 000	1 000 000	1 001 000	816 669	(184 331)	313 052
Decrease (increase) other non-current receivables	140	(140)	-	-	(982 494)	-
Decrease (increase) in non-current investments	-	-	-	(982 494)	-	2 595 567
Payments						
Capital assets	(138 660 382)	3 752 282	(134 908 100)	(85 599 427)	49 308 673	(72 019 535)
NET CASH USED IN INVESTING ACTIVITIES	(138 659 242)	4 752 142	(133 907 100)	(85 765 253)	48 141 847	(69 110 916)
CASH FLOWS FROM FINANCING ACTIVITIES						
Receipts						
Borrowing long term/refinancing	53 621 787	3 241 579	56 863 366	22 094 345	(34 769 021)	-
Increase (decrease) in consumer deposits	302 155	79 028	381 183	67 942	(313 241)	13 968
Payments						
Repayment of borrowing	(8 500 000)	-	(8 500 000)	(9 552 434)	(1 052 434)	(7 863 855)
NET CASH FROM FINANCING ACTIVITIES	45 423 942	3 320 607	48 744 549	12 609 853	(36 134 696)	(7 849 887)
NET INCREASE/ (DECREASE) IN CASH HELD	(25 876 257)	(982 670)	(26 858 927)	24 901 368	51 760 295	8 248 475
Cash/cash equivalents at the year begin:	113 816 536	25 372 089	139 188 624	139 188 624	-	130 940 149
Cash/cash equivalents at the year end:	87 940 278	24 389 419	112 329 697	164 089 992	51 760 295	139 188 624